Land Acquisition and Resettlement Framework

Project Number: 51132-002
July 2020

GEO: Sustainable Water Supply and Sanitation Sector Development Program

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**GLOSSARY**

**Affected People (AP):** Individuals affected by Project-related impacts.

**Affected Household (AH):** All members of a household residing under one roof and operating as a single economic unit, who are adversely affected by the Project.

**Compensation:** Payment in cash or in kind of the replacement cost of the acquired assets.

**Entitlement:** Range of measures comprising compensation, income restoration, transfer assistance, income substitution, and relocation which are due to affected people, depending on the nature of their losses, to restore their economic and social base.

**Improvements:** Structures constructed (dwelling unit, fence, waiting sheds, animal pens, utilities, community facilities, stores, warehouses, etc.), and crops/plants planted by people, households, institutions, or organizations.

**Host population:** Community residing near the area where the Project beneficiaries are proposed to be voluntarily resettled within the framework of the given project.

**Land Acquisition:** The process whereby a person is compelled by a government agency to alienate all or part of the land a person owns or possesses to the ownership and possession of the government agency for public purpose in return for a consideration.

**Legitimate Possessors:** Physical/legal persons who occupy and use land and/or assets without registered title, however, are eligible to claim for valid title under the current legislation.

**Informal Settlers:** Affected persons who do not held the ownership title to land/assets they occupy, neither are eligible to claim for valid title under the current legislation.

**Relocation:** The physical relocation of AP/AH from her/his pre-project place of residence.

**Rehabilitation:** Compensatory measures other than payment of the replacement cost of acquired assets which are provided under this Policy Framework aimed at improving, or at least restoring, livelihoods and living conditions of affected households to pre-displacement levels. Such measures must be determined in consultation with affected persons, including those whose rights might not be formally recognized.

**Replacement Cost:** Method of valuing assets to replace the loss at fair market value, or its nearest equivalent, plus any transitional and restoration costs such as administrative charges, taxes, registration, title costs and any other applicable payments. Where national law doesn’t meet this standard the replacement cost will be supplemented as necessary. The value determined to be fair compensation for land based on its productive potential and location. The replacement cost of houses and structures (current fair market price of building materials and labour without depreciation or deductions for salvaged building material), and the market value of residential land, crops, trees, and other commodities, and transaction costs to be able to replace these assets, including taxes for land purchase and moving costs.

**Resettlement:** All measures taken to mitigate any and all adverse impacts (full or partial, permanent or temporary, physical and/or economic) of the Project on AP’s property and/or
livelihood (resulting from involuntary acquisition of land, or involuntary restrictions on land use or an access to parks and protected areas), including compensation, relocation (where relevant), and rehabilitation of the damaged/removed infrastructure and installations.

Resettlement Plan: A time-bound action plan with budget setting out resettlement strategy, objectives, entitlement, actions, responsibilities, monitoring and evaluation.

Sakrebulo: This is the representative body of local self-government. The middle level of local government consists of 67 rayons (districts) and six cities in Georgia: Tbilisi, Kutaisi, Rustavi, Poti, Batumi and Sukhumi. The representative branch of rayon level is the rayon level Local Councils (Rayon Sakrebulo) and the executive branch is represented by Rayon Gamgeoba (Gamgebeli). The self-government level consists of settlements (self-governed cities) or groups of settlements (municipalities). Settlements could be villages, small towns (minimum 3,000 inhabitants) and cities (minimum 5,000 inhabitants). The representative and executive branches of self-government are represented accordingly by Local Council (Sakrebulo) and the Gamgebeli of municipal level. The exclusive responsibilities of self-government include land-use and territorial planning, zoning, construction permits and supervision, housing, and communal infrastructure development.

Severely Affected: Households (including informal settlers) that (i) lose 10% and more of their income generating land/assets as a result of project-related land acquisition, (ii) physically displaced HH, and (iii) households losing commercial/business establishments.

Vulnerable groups: Particularly disadvantaged Households who by virtue of gender, ethnicity, age, physical or mental disability, Economic disadvantage, or social status may be more adversely affected by resettlement than others, and who may be limited in their ability to claim or take advantage of resettlement assistance and related development benefits. These are; (i) female-headed households with and/or without dependants; (ii) disabled-headed households; (iii) poor households as defined by the official poverty line; (iv) elderly households with no means of support; (v) households without security of tenure; (vi) cultural or ethnic minorities; and (vii) refugees or internally displaced people.
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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AH</td>
<td>affected household</td>
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<td>AP</td>
<td>affected person</td>
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<td>CBO</td>
<td>community-based organization</td>
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<td>CSC</td>
<td>construction supervision consultant</td>
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<td>DMS</td>
<td>detailed measurement survey</td>
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<td>ESIA</td>
<td>environment and social impact assessment</td>
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<td>GOG</td>
<td>Government of Georgia</td>
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<td>GRC</td>
<td>Grievance Redress Committee</td>
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<td>IA</td>
<td>implementing agency</td>
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<td>IEE</td>
<td>initial environmental examination</td>
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<td>IFI</td>
<td>international financial institution</td>
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<td>IMPO</td>
<td>Investment Program Management Office</td>
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<td>IP</td>
<td>indigenous people</td>
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<td>IVS</td>
<td>international valuation standards</td>
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<td>LAR</td>
<td>land acquisition and resettlement</td>
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<td>LARF</td>
<td>land acquisition and resettlement framework</td>
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<td>LARP</td>
<td>land acquisition and resettlement plan</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MRDI</td>
<td>Ministry of Regional Development and Infrastructure</td>
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<td>NAPR</td>
<td>National Agency of Public Register</td>
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<td>NGO</td>
<td>nongovernment organization</td>
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<td>ROW</td>
<td>right of way</td>
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<td>SES</td>
<td>socio-economic survey</td>
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<td>SPS</td>
<td>Safeguards Policy Statement</td>
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<td>TRTA</td>
<td>transactions technical assistance</td>
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<td>USIIP</td>
<td>Urban Services Improvement Investment Program</td>
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<td>UWSCG</td>
<td>United Water Supply Company of Georgia</td>
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<td>WSS</td>
<td>water supply and sanitation</td>
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EXECUTIVE SUMMARY

1. The Land Acquisition and Resettlement Framework (LARF) is prepared for the Sustainable Water Supply and Sanitation Sector Development Program (P51132-GEO) by the United Water Supply Company of Georgia (UWSCG) of the Ministry of Regional Development and Infrastructure of Georgia (MRDI) with support of SCE, the Consultant, engaged by the Asian Development Bank (ADB). The LARF was subject to review and clearance by the GOG and ADB.

2. This LARF has been developed within the framework of the sector development program (SDP) to be financed by the ADB. The proposed program supports the government’s pursuit of a sustainable water supply and sanitation (WSS) sector and efficient state-owned enterprise. The policy actions under the stand-alone multitranche PBL will transform sector governance and institutions to improve sector performance and financial sustainability, while ensuring funding for basic services during a period of fiscal constraints brought on by the coronavirus disease (COVID-19) pandemic. The project will (i) enhance water supply services in Telavi city, a regional capital and employment generation hub, to provide 24-hour water supply service,¹ (ii) strengthen operation and maintenance (O&M) capacity of the United Water Supply Company of Georgia (UWSCG),² (iii) prepare strategic investment plans for national-scale rural WSS development; and (iv) increase public awareness of infection prevention measures in the context of COVID-19 through a gender-sensitive health, hygiene, and sanitation program. The TA will introduce high-level technology into asset management systems to enhance O&M in select cities.

3. The consultants for the ADB transaction technical assistance (TRTA)³ are in charge to prepare the WSS service improvement project and provide the deliverables which among others include preparation of Land Acquisition and Resettlement Framework (LARF) and all necessary documentation to meet project preparation and safeguard policy requirements of ADB⁴ and secure all Georgia clearances.

4. This LARF builds on the lessons learned from the preparation and implementation of land acquisition and involuntary resettlement instruments associated to the MFF USIIP⁵ and other projects funded by IFIs and mainly ADB financed projects and examples of practical experience obtained during implementation of LARPs in other sectors.

5. Therefore, this LARF will serve as the main guiding document for the development of Land Acquisition and Resettlement Plans (LARPs) for each sub-projects or

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¹ Telavi has a population of 20,000. Adequate water supply is critical for Telavi’s wine and agricultural production, and for tourism. Most of the large wine producers are located in Telavi.

² UWSCG is a limited liability company established in January 2010, and the state owns 100% of the shares. It provides WSS services to urban settlements across the country.

³ ADB, Georgia: Preparing the Water Supply and Sanitation Service Improvement Project (TA 9603).

⁴ ADB procedures must be followed and reports produced in the formats of the ADB report and recommendation of the President (RRP) and the linked documents.

component proposed within the framework of Sustainable Water Supply and Sanitation Sector Development Program supported by ADB.

6. The LARF should be read in conjunction with the ADB SPS 2009 on Involuntary Resettlement and effective legislation of Georgia. The LARF provides the guidance on how to prepare and implement LARPs, how to set out project goals and project implementation schedule, census and socio-economic survey, inventory of project affected asset, cut-off date and eligibility criteria for project affected persons (APs), legal framework and institutional involvement, determines valuation methodology and approach to determine unit rates per each type of loss to be cash compensated, establishes compensation entitlements, participation and consultation procedures, and grievance redress mechanism which will be employed to compensate, and restore the livelihoods and living standards of APs.

7. The document outlines the resettlement principles and procedures ensuring that resettlement needs are identified, and the UWSCG of MRDI, the executing agency (EA), adopts and implements the procedures for land acquisition, involuntary resettlement, and potential loss of access to physical and economic livelihoods in compliance with the Government’s applicable laws and regulations, ADB SPS 2009 and the best international practice.

8. The final draft of LARF will be uploaded to the websites of UWSCG and ADB, and will be made available in electronic and printed format to all project stakeholders.

9. The main objective of the LARF is to assist UWSCG at the phase of LARPs preparation aimed at identifying the types, nature, and magnitude of potential economic and/or physical displacement impacts and providing adequate measures to address these impacts to ensure that potential APs are:

   a. Informed about their rights and options pertaining to resettlement;
   b. Involved in meaningful consultation process and given the opportunity to participate in project planning and selection of technically and economically feasible alternatives; and
   c. Provided with prompt and effective compensation at full replacement cost⁶ for losses of land, assets, or access to assets and livelihoods because of sub-project works.

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⁶ Detail explanation on the meaning of the replacement cost is given in the Definitions of Terms.
CHAPTER 1. PROJECT OVERVIEW

Introduction

1. The Asian Development Bank (ADB) has been supporting the Government of Georgia (GOG) to enhance sector planning, coordination, and institutions nationwide, to rehabilitate, reconstruct, and expand the water supply and sanitation (WSS) system in Telavi and to improve the operational efficiency of UWSCG (the GOG plans to modernize the organization and capacity of the United Water Supply Company of Georgia (UWSCG) to better manage and bring efficiency in use of the assets).

Project Overview

2. Operational efficiency of water supply and sanitation increased. The project will rehabilitate transmission mains and distribution network; repair water intakes, pumps, valves, and treatment units; and provide new reservoirs and wells in Telavi. The project will increase the provision of 24-hour water supply from an average 4-hour water supply, achieve 100% metering from 40%, increase household connections, reduce NRW, and improve supply pressure and energy efficiency. The project will also (i) improve UWSCG’s O&M capacity and related equipment across approximately 57 cities and towns in 10 regions; (ii) develop a strategy, investment plan, and related local capacity for rural WSS development; (iii) strengthen project management, monitoring, and evaluation; and (iv) increase public awareness of infection prevention measures in the context of COVID-19 through the importance of health, hygiene, and sanitation, in addition to improved awareness in water conservation.

Rationale

3. The GOG has prioritized developing Telavi, which is famous for its agriculture, wine industry, cultural heritage, and has a large growth potential for tourism and agribusiness. Telavi has piped water supply systems, but its households suffer from intermittent water supply (with an average 4-hour water supply per day), and resorts need to ration water. Improving WSS in Telavi is essential for the city’s development, while broader sector and institutional reforms will be necessary to improve financial sustainability in the WSS sector.

Impact and Outcome

4. The program is aligned with the following impact: living conditions and public health in Georgia improved. It will result in the following outcome: WSS sector performance and financial sustainability in Georgia improved. The PBL will support

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1 Invitation for bidding is planned to be advertised in July 2020.
2 O&M improvement support includes O&M roadmap and action plan, baseline survey and gap analysis of UWSCG’s field offices, capacity development, and related modern equipment financing.
3 Rural WSS masterplan will develop a sustainable solution for rural WSS management and operation, including an institutional framework to define roles and responsibility of all key stakeholders in rural WSS—covering local governments, the Ministry of Regional Development and Infrastructure, UWSCG—develop investment program, and capacity building.
output 1 to strengthen sector governance and institutions, and the project loan will support output 2 to increase operational efficiency of WSS.

![Figure 1: Overview of the study area](image)

**Project Scope of Works**

5. The proposed project is included in the 2020 program in the Country Operations and Business Plan 2020–2022 for Georgia. The consultants for the ADB transaction technical assistance (TRTA) will prepare the WSS service improvement project. The deliverables include, among others, the preparation of necessary documentation to meet all project preparation and safeguard policy requirements of ADB and secure all Georgia clearances.

6. The project will (i) improve critical and procurement-ready water supply systems in Telavi, a strategically important city for job creation and economic growth, 4 (ii) strengthen operation and maintenance (O&M) capacity of the UWSCG, 5 and (iii) prepare for national-scale rural WSS investments.

7. ADB procedures must be followed and reports produced in the formats of the ADB report and recommendation of the President (RRP) and the linked documents.

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4 Telavi is the capital of the Kakheti region, and has a population of about 20,000. Water supply is critical for wine and agricultural production, and for tourism in Telavi. Most of the famous wine producers are located in Telavi.

5 The United Water Supply Company of Georgia (UWSCG) is a limited liability company, established in January 2010, and owned entirely by the state. It provides WSS services to urban settlements across the country, except for Tbilisi, Mtskheta, Rustavi, Gardabani Municipality, and Adjara Autonomous Republic. UWSCG has over 2,700 employees, 10 regional offices, and 51 service centers.
Magnitude of project impact and vulnerable to impoverishment

8. In general, the approach to be undertaken under the ADB financed projects promises positive impact and potential for future benefits for water users. UWSCG conducted social due diligence in regard to rehabilitation of Telavi water system following ADB’s Safeguard Policy Statement (SPS). Findings of due diligence reflected in the Social Due Diligence Report (SDDR) confirm that no land acquisition and resettlement impacts are expected since the project activities are planned to be carried out within the state-owned land plots and not used by any person.

9. Any land acquisition or economic and/or physical displacement will not be anticipated to occur, unless the need for further alignment change is required at a later phase of civil works. For increased efficiency or due to specific technical reasons the realignment of the existing water supply system may be considered as feasible option, even though realignment may cause the need to new land acquisition or impact private assets and possessions, subject to cash compensation. The proportion of the land taken is not expected to be significant since the project is dealing with renovation of existing water supply systems.

10. In majority of cases, such works should even not require land acquisition as it will be done under public roads, but sometimes improvement of water supply system through re-routing of pipeline design to match with topography and landscape slopes to ensure water self-flow.

11. Therefore, program impact may still be expected to extend over the pipelines placed right at the edges of the residential dwellings, commercial facilities or agricultural fields. Rarely, may be expected the need for physical resettlement of APs/AHs. Project specific LARP will then be prepared in compliance with the approved LARF, country legislation and requirements of ADB SPS 2009

12. Later, during LARP preparation phase, census of APs and detailed measurement surveys (DMS) including SES will reveal all vulnerable groups and severely affected AHs, potentially creating the risk of impoverishment of an affected household. These cases, if such confirmed during census and socio-economic surveys will be addressed in the project specific LARP that will cover relevant mitigation and/or rehabilitation measures as stipulated in this LARF.

13. On completion of detailed design and prior to award of any construction contract, either a LARP (where there is physical or economic displacement) or an updated social due diligence report (SDDR, where there is no physical or economic displacement) must be submitted to ADB for approval.

Purpose of LARF

14. Under the mutual agreement of UWSCG and ADB the decision was made to develop applicable LARF, that after being reviewed, publicly disclosed, and the final version agreed with the GOG and ADB. This LARF will serve as the base document for further development of LARP for Telavi project or any other
subproject or component proposed to be undertaken by UWSCG within the framework of the project under the SDP.

Project stakeholders

15. The spectrum of project stakeholders will be rather wide, commencing with individual farmers and households owners, legitimate possessors and users of the project affected land parcels (if such are identified during the screening in case of design changes), eligible for cash compensation, including commercial entities, business owners, local government, water users and local communities that may not necessarily release their assets for project purposes in lieu of reasonable cash compensation but still gaining/sharing project benefits.

16. Local government and state institutions that will be involved in LARP preparation process, if any, as the agencies responsibility for a number of tasks to be accomplished during LARP preparation and implementation on behalf of the GOG. Chapter 8 ‘Consultation, Participation and Information Disclosure’ describes the procedures and actions to be undertaken during LARF and LARP disclosure, implementation and monitoring and evaluation of LAR results, as well as project construction period.

Gender Impact and Mitigation Measures

17. Women have important economic roles in project areas and engage in a very wide range of income making activities in the agricultural and marketing sector. The project will pay particular attention to ensure that women who are de-facto household heads are clearly listed as beneficiaries of compensation and rehabilitation proceedings under the loan. To ensure the gender informed assessment and consultation processes the following actions will be considered:
   a. Impact assessment of APs indicating the total number of families and people must be gender-disaggregated to pinpoint how many women are likely to be affected by the Project and establish their pre-Project conditions.
   b. Women will be major participants in the consultation processes to determine and negotiate for compensation entitlements and implement the LARP.
   c. Special attention will be given to the impact of resettlement on women and other vulnerable groups during the monitoring and evaluation of the LARP.

Measures taken to minimize project adverse impacts

18. A project’s resettlement planning begins during the feasibility studies and continues through final design studies and sometimes into project implementation. It may be possible at each point to avoid or minimize population displacement. This is achieved by analysing design alternatives that will yield the same or similar project benefits while requiring less land acquisition, less disruption of livelihood, and less resettlement plan implementation cost.

19. During the current design of Telavi WSS, the measures were undertaken to avoid any LAR impacts unless for increased efficiency or due to specific technical reasons the realignment of the existing water supply system (transmission mains
and distribution network) will be possible considered during the Project implementation stage.

20. In case of any realignment change need, each alignment will be overlaid on to the official cadastre data, to determine potential impact on private property. On site surveys will be undertaken per each alignment to assess approximate magnitude of land acquisition, affected structures (residential and commercial facilities), supplementary structure, perennials and annual crops, business stoppage, etc.

21. Alternative alignments will be assessed in respect with project impacts and the possibility of minimizing adverse impacts, to select the most efficient option in terms of minimum impacts in line with reasonableness of construction costs.

22. This will be done to avoid or minimize adverse impacts to the structures alongside the water pipeline supply system. Realignment of project ROW may foresee design change to reasonably limit land and assets acquisition and avoid removal of structures located along the ROW.

23. Measures to be taken to minimize adverse impacts will be described in every LARP prepared and publicly disclosed.

Scope of Application

24. The social due diligence for Telavi WSS has confirmed that any land acquisition or economic and/or physical displacement will not be anticipated to occur, unless the need for further alignment change is required at a later phase of civil works.

25. Social Due Diligence report (SDDR) will be prepared for any other sub-projects within the Project with confirmed absence of LAR impacts. SDDR has been prepared for Telavi, and will be updated in case of design changes to confirm the absence of LAR impacts.

26. LARP will be prepared in case the assessment confirms magnitude and type of likely LAR impacts.

27. The Borrower will use this LARF as the guiding document and prepare a Land Acquisition and Resettlement Action Plan (LARP) proportionate to the risks and impacts associated with the project.

28. The LARP will include detailed compensation and administration budgets and implementation schedules linking land acquisition and resettlement planning tasks to the initiation of civil works.

Conditions for Project Implementation

29. Based on the ADB policy/practice, the approval of project implementation is based on the following LAR-related conditions:
   a. Signing of Contract Award: Conditional to the approval of the project-specific LARP or final SDDR (in case of LAR impacts) by ADB and Government. Implementation-ready LARP reflects final impacts, final AP
lists, and compensation rates at replacement cost approved by UWSCG/MRDI.

b. **Notice to Proceed to Contractors:** Conditional to the full implementation of LARP (legalization of legalizable owners, and full delivery of compensation and rehabilitation allowances), and certified by a LARP implementation Compliance Report prepared by UWSCG and approved by ADB.

**CHAPTER 2. LEGAL REGULATORY FRAMEWORK**

30. The legal and policy framework of the Project is based on national laws and legislations related to Land Acquisition and Resettlement (LAR) in Georgia and ADB’s Safeguard Policy Statement 2009.

**Georgia’s Laws and Regulations on Land Acquisition and Resettlement**

31. In Georgia, the legislative acts given below regulate ownership rights and the issues of obtaining State ownership to privately owned land parcels for necessary public needs:
   a. The Constitution of Georgia, August 24, 1995 (Last update 16 October 2013)
   l. The Law of Georgia on State property, June 21, 2010
   n. Tax Code, January 2005
   o. Law on Entrepreneurship, October 28, 1994

32. Overall, the above laws/regulations provide the principle of compensation at full replacement cost is reasonable and legally supported. The laws also identify the types of damages eligible for compensation and indicate that compensation is to be
given both for loss of physical assets and for the loss of income. Finally, these laws place strong emphasis on consultation and notification to ensure that the APs participate in the process. Income loss due to loss of harvest and business closure will be compensated to cover net loss. The above-listed laws and regulations give the possibility of applying the following mechanisms for legal application of the property rights:

- Obtaining the right of way without expropriation through the payment of due compensation on the basis of negotiations, or in case negotiations fail through a court decision for expropriation, prior to commencement of the activities.
- Expropriation which gives the possibility of obtaining permanent right to land and/or other real estate property on the basis of Eminent Domain Law and court decision through the payment of due compensation.

**Expropriation**

33. Acquisition of land through expropriation will be pursued under the project only in extreme cases when negotiations between APs and UWSCG fail. Should the contract proposal fail, the expropriation process will commence by undertaking the procedures set out in the Law of Georgia “On the Rules for Expropriation of Ownership for Necessary Public Need” shall be applied. It is noted that under Georgian law, negotiation is seen as an alternative to expropriation, whereas under ADB SPS 2009 negotiation under threat of expropriation still qualifies as involuntary resettlement.

34. Pursuant to the Law of Georgia “On the Rules for Expropriation of Ownership for Necessary Public Need” the expropriation shall be carried out based on the order of the Minister of Economy and Sustainable Development of Georgia and a court decision. The order of the Minister of Economy and Sustainable Development of Georgia will determine the case of public needs, and grant the expropriation entity rights to obtain land. Only the court shall determine a state body or local authorities and/or legal entity under the Public Law/Private Law to which the expropriation rights can be granted. The court decision should also include a detailed inventory of the assets to be expropriated and the provisions on the compensation payable to relevant land owners.

35. Under no condition would the UWSCG occupy the required plots until:
   a. the official judicial process as defined by the law is initiated;
   b. a court injunction has been obtained and properly communicated to the APs; and,
   c. the compensation/rehabilitation amounts are deposited in an escrow account.

36. No land acquisition will take place until the compensation/rehabilitation amounts envisaged in the approved LARP are deposited in an escrow account in a treasury (project account/or the EA’s account). The deposited funds will be paid to AP upon the court decision on expropriation or in case the AP decides to drop the case and signs the agreement with the UWSCG.
Legalization

37. The UWSCG will provide technical assistance to APs qualifying as legitimate possessors of project affected land parcels. These APs will be assisted free of charge in the process of legalization of private ownership rights to project affected assets, followed with the registration of ownership title. Following, the AP will alienate project affected land parcel to the UWSCG for project purposes in return for fair compensation amount calculated according to the unit rate determined in the approved LARP. Each LARP to be prepared shall include a separate section on legalization cases and relevant procedures, if any, including the needed budget as part of LARP administrative budget.

ADB Safeguard Policy Statement

38. ADB’s safeguards lay out policy principles, and outlines the delivery process for ADB’s safeguard policy.

39. The Objectives of the IR policy are as follows:
   a. To avoid involuntary resettlement, wherever possible;
   b. To minimize involuntary resettlement by exploring Sub-Project and design alternatives;
   c. To enhance, or at least restore, the livelihoods of all displaced persons in real terms, relative to pre-Sub-Project levels; and
   d. To improve the standards of living of the displaced poor and other vulnerable groups.
   e. Objectives: To avoid involuntary resettlement wherever possible; to minimize involuntary resettlement by exploring project and design alternatives; to enhance, or at least restore, the livelihoods of all displaced persons in real terms relative to pre-project levels; and to improve the standards of living of the displaced poor and other vulnerable groups.

40. Scope and Triggers: The involuntary resettlement safeguards covers physical displacement (relocation, loss of residential land, or loss of shelter), and economic displacement (loss of land, assets, access to assets, income sources, or means of livelihoods) as a result of (i) involuntary acquisition of land, or (ii) involuntary restrictions on land use or on access to legally designated parks and protected areas. It covers them whether such losses and involuntary restrictions are full or partial, permanent or temporary.

41. Policy Principles: Resettlement planning is an integral part of project design for any ADB operation requiring involuntary resettlement, to be dealt with from the earliest stages of the project cycle, considering the following principles:

   I. Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.
   II. Carry out meaningful consultations with affected persons, host communities, and concerned non-government organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement
programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a grievance redress mechanism to receive and facilitate resolution of the affected persons’ concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.

III. Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.

IV. Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.

V. Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.

VI. Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.

VII. Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of non-land assets.

VIII. Prepare a resettlement plan elaborating on displaced persons’ entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.

IX. Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.

X. Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project’s costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.
XI. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout project implementation.

XII. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.

**LARP Principles Adopted for the Project**

42. The UWSCG has prepared this LARF in compliance with the laws and regulations of Georgia and ADB SPS to serve as the tool to ensure that project implementation process meets the core principles of involuntary resettlement as listed below:

   a. Land acquisition, and other involuntary resettlement impacts will be avoided or minimized exploring all viable alternative project designs;
   b. Where unavoidable, a time-bound LARP will be prepared and AHs will be assisted in improving or at least regaining their pre-project standard of living;
   c. Meaningful Consultation with AHs on compensation, disclosure of resettlement information to AHs, and participation of AHs in planning and implementing sub-projects will be ensured;
   d. Vulnerable and severely affected AHs will be provided special assistance;
   e. Non-titled AHs (informal dwellers or squatters) will receive a livelihood allowance in lieu of land compensation and will be fully compensated for losses other than land;
   f. Legalizable AHs will be legalized and fully compensated for land losses;
   g. Provision of income restoration and rehabilitation to all AHs;
   h. The LARP will be disclosed to the AHs in the local language;
   i. Payment of compensation, and rehabilitation measures will be completed prior to the contractor taking physical acquisition of the land and prior to the commencement of any construction activities on a particular package;
   j. Establishment of appropriate grievance redress mechanism to solve AHs grievance if it occurs; and
   k. Internal monitoring and disclosure of reports.  

43. Notice to contractors cannot be given until the UWSCG officially has confirmed in writing, stating that: Payment has been fully disbursed to the displaced persons and rehabilitation measures are in place; Already-compensated/assisted displaced persons have cleared the area in a timely manner; and area is free from any encumbrances. This has to be certified by a LARP implementation Compliance Report prepared by UWSCG and approved by ADB.

**Comparison of Relevant Georgian Laws and ADB SPS 2009 on Involuntary Resettlement**

44. Overall, the legislation of Georgia adequately reflects the major provisions of the ADB SPS 2009, but a few differences are to be noted. The most significant difference is that under Georgian legislation the emphasis is put on the definition of formal property rights and on how the acquisition of properties for public purposes

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6 Please see for details the Chapter: Monitoring and Reporting Requirements.
is to be implemented and compensated while in the case of ADB SPS 2009 the emphasis is put both on the compensation of rightfully owned affected assets and on the general rehabilitation of the livelihood of Affected People (AP) and Households (AH).

45. As a result, the Bank’s safeguards policy on Involuntary Resettlement complement the Georgian legislation/regulation with additional requirements related to:
   a. the economic rehabilitation of all AP/AH (including those who do not have legal/formal rights on assets acquired by a project);
   b. the provision of indemnities for loss of business and income, and
   c. the provision of special allowances covering AP/AH expenses during the resettlement process or covering the special needs of severely affected or vulnerable AP/AHs.

46. Also, under Georgian law, negotiation is seen as an alternative to expropriation, whereas under ADB SPS 2009 negotiation under threat of expropriation is still qualifies as involuntary resettlement. In addition, the legislation of Georgia does not require any specific measure regarding the need to prepare LARPs based on extensive public consultations.

47. The Legal Matrix given in next table describes the differences between the legislation of Georgia and ADB SPS 2009 on LAR and describes the mitigation measures suggested to bridge these gaps.

<table>
<thead>
<tr>
<th>Georgia Laws and Regulations</th>
<th>ADB SPS 2009</th>
<th>Corrective Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land compensation only for titled landowners.</td>
<td>Lack of title should not be a bar to compensation and/or rehabilitation. Non-titled landowners receive rehabilitation and compensation for any structures and assets they may have on the land.</td>
<td>In practice legitimate possessors of land parcel eligible to legalization may be and shall be legalized and owners of legalized land parcels are also compensated after they are issued with the necessary papers. UWSCG will support those without legal titles so they can be titled and compensated before displacement occurs.</td>
</tr>
<tr>
<td>Only registered houses/buildings are compensated for damages/demolition caused by project-related land acquisition</td>
<td>All affected houses/buildings, regardless of legal status, are compensated for damages/demolition caused by project-related land acquisition</td>
<td>It is assumed, that majority of properties will be registered to actual user, with support of the project (legal and registration support). Accordingly, the compensation will be paid to all affected households. In case of damages during construction period, the construction contractor will be</td>
</tr>
<tr>
<td>Georgia Laws and Regulations</td>
<td>ADB SPS 2009</td>
<td>Corrective Action</td>
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<tr>
<td>Crop and trees losses compensation provided only to registered landowners</td>
<td>Crop losses compensation provided to landowners, sharecrop/lease tenants or other users such as squatters whether registered or not</td>
<td>Practically all croplands are registered in Georgia either in Public register or in the villages. In case of leased land plots, the compensation will be paid to renters and other users for their actual losses and be given assistance to access some other land to continue activities.</td>
</tr>
<tr>
<td>Compensation for loss of assets is based on market value without deducting depreciation</td>
<td>Compensation for loss of assets is based on market value without taking into account depreciation and should also include transaction costs such as taxes and registration fees. It should also include other resettlement costs such as cost of preparing land for cultivation</td>
<td>Compensation will be paid based on market value without taking into account depreciation or value of salvage material; owners are allowed to retain salvaged materials. UWSCG will have in place clear legal procedures to assist APs and cover all costs related to title recognition and transaction registration fees. The asset evaluation criteria will be based on replacement value as per ADB SPS 2009.</td>
</tr>
<tr>
<td>Executing Agency implementing the Project (EA) is the only pre-litigation final authority to decide disputes and address complaints regarding quantification and assessment of compensation for the affected assets. Complaints are reviewed in compliance with the formal procedures (rules) established by the Administrative Code of Georgia. There is no informal grievance redress mechanism through community participation at the local level.</td>
<td>Complaints &amp; grievances can also be resolved informally through a project-level grievance redress mechanism which in some cases can have community participation through a Grievance Redress Committees (GRC), Local governments, and NGO and/or local-level community based organizations (CBOs)</td>
<td>The UWSCG resettlement team will have in place a mechanism to receive, register and process grievances from APs. Representatives of municipalities, local authorities and villages will be involved in the process from early stages. This will ensure solution of disputes and claims (if it is possible) at community level, however if solution could not be found, the case will be processed in accordance to local legislation.</td>
</tr>
<tr>
<td>Decisions regarding land</td>
<td>The LARF and LARPs</td>
<td>The preparation of the LARF and</td>
</tr>
<tr>
<td><strong>Georgia Laws and Regulations</strong></td>
<td><strong>ADB SPS 2009</strong></td>
<td><strong>Corrective Action</strong></td>
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<tr>
<td>acquisition and resettlement are discussed only between the landowners and the agency in charge of land acquisition</td>
<td>including information on criteria for valuation of affected assets, entitlements, and compensation/financial assistance are to be publicly disclosed and consulted on during the planning process</td>
<td>LARPs will be done through engagement with relevant stakeholders and the LARF and LARPs will be publicly disclosed and consulted on. However, no personal information of the AP or amounts each individual/household will receive will be disclosed publicly.</td>
</tr>
<tr>
<td>No provision for income/livelihood rehabilitation, allowances for severely affected or vulnerable APs, or resettlement expenses</td>
<td>ADB policy requires rehabilitation for income/livelihood, severe losses, and for expenses incurred by the APs during the relocation process.</td>
<td>UWSCG will have in place clear legal procedures to allow for additional assistance for severely affected and vulnerable households in accordance to the LARP, and for relocation compensation for all households qualified as vulnerable and/or severely affected</td>
</tr>
<tr>
<td>No specific plan for public consultation is provided under the Georgian laws</td>
<td>Public consultation and participation is the integral part of ADB’s policy which is a continuous process at conception, preparation, implementation and finally at post implementation period</td>
<td>The public consultation process will be accomplished in accordance to ADB requirements and guidelines prior to and during LARP implementation</td>
</tr>
<tr>
<td>Recognition and compensation for business (officially registered) losses resulting from project-related land acquisition based on official tax declaration</td>
<td>All kind of running business (officially registered or not-vendors etc.) will be compensated in cash equal to 1-year based on tax declaration or, if unavailable (Loss of income from both formal and informal economic activities) based on the official minimum substance income</td>
<td>UWSCG will ensure that all businesses will be recognized and compensated in accordance to LARF and LARP before displacement occurs</td>
</tr>
</tbody>
</table>

48. To reconcile the gaps between Georgia laws/regulations and ADB Policy, UWSCG has adopted this LARF for the entire Project, ensuring compensation at full replacement cost of all items, the rehabilitation of informal settlers, and the provision of subsidies or allowances for those APs who will be relocated, suffer business losses, or will be severely affected.
CHAPTER 3. SOCIO-ECONOMIC PROFILE OF APS AND IMPACT ASSESSMENT

49. Each LARP should contain a chapter on socio-economic profile of LAR affected people identified within the project affected area, developed as a result of through census and socio-economic survey (SES) of 100% present project affected households.

50. Once the preliminary design is available, LAR screening tasks will be carried out. Project ROW prepared based on available design (preliminary/detailed) will be superimposed on National Agency of Public Register (NAPR) cadaster data and aerial photos, followed with the field visits for on-site identification of any possible land/assets acquisition requirements.

51. LARP preparation activities, to be completed with implementation–ready LARP, in case LAR impacts are confirmed as result of screening activities.

52. Detailed Measurement Survey (DMS), a census of all AH and AP and a valuation of all affected asset will be carried out to identify the APs/AHs, project affected land, assets and business operations will be recorded and inventoried in presence of APs and local government representatives. All affected assets will then be evaluated for compensation purposes.

53. Socio-economic survey of project affected households is often allocated a separate chapter in the LARP. The chapter describes main economic activities of members of AHs, education and literacy level, major sources of income, employment and vulnerability level of APs identified during the census and SES.

54. Thus, a good coverage of the livelihoods of the affected area should be given, that will provide sufficient feedback for the proposed livelihood restoration activities.

55. During project specific LARP preparation, socio-economic study carried out with the involvement of potentially affected people will be required and includes the following data:
   a. Current occupants of the affected area as a basis for design of the LARP and to clearly set a cut-off date, the purpose of which is to exclude subsequent inflows of people from eligibility for compensation and resettlement assistance;
   b. Standard characteristics of affected households (gender disaggregated as relevant), including a description of production systems, labour, and household organization; and baseline information on livelihoods (including, as relevant, production levels and income derived from both formal and informal economic activities) and standards of living (including health status) of the displaced population;
   c. Information on vulnerable groups or persons, for whom special provisions may have to be made; and
   d. The aim of Census and Socio-economic survey is to provision update information on the displaced people’s livelihoods and standards of living at regular intervals so that the latest information is available at the time of their displacement, and to measure impacts (or changes) in their livelihood and living conditions.
56. Inventory of project affected assets defines the magnitude of expected loss, total or partial impact on land and assets, income loss and the extent of displacement, physical or economic.

CHAPTER 4. COMPENSATION POLICY

57. The implementation of resettlement activities is linked to the implementation of the investment component of the project to ensure that displacement or restriction of access does not occur before necessary measures for resettlement are in place.

58. As stipulated in ADB SPS 2009 and as described in this LARF all project related impacts should be identified through the relevant studies undertaken during LARP preparation and addressed accordingly, meaning that all project affected persons will be provided with relevant compensation and other assistance required for relocation, prior to displacement, and preparation and provision of resettlement sites with adequate facilities, where required. In particular, effective taking of land and related assets may take place only after compensation has been paid and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons.

Establishment of the Cut-off Date

59. Compensation eligibility is limited to APs by a cut-off date.

60. The best practice is to use the completion date of the census of displaced persons as the cut-off date. Timing is important. If the cut-off date comes too early, it can disadvantage displaced persons.

61. Therefore, the cut-off date of specific project will be determined in the LARP and will be the completion date of census of APs and inventory of project affected assets for the the preparation of LARP. If there are delays in actual displacement and land take for project purposes, after one (1) year the census should be updated and a new cut-off date set.

62. APs who settle in the affected areas, or erect any fixed assets, such as structures, crops, fruit trees, and woodlots and other assets, after the cut-off date will not be eligible for any compensation. However, they will be given sufficient advance notice, requested to vacate premises and dismantle affected structures prior to project implementation. Their dismantled structures will not be confiscated and they will not pay any fine or sanction. Forced eviction will only be considered following exhaustion of all other efforts.

63. Therefore, the information regarding the cut-off date and the actual boundaries of the ROW will be well documented and disseminated throughout the project influence area at regular intervals in written forms and verbally during public consultation meetings and non-written forms and in relevant local languages. This will include posted warnings that persons settling in the project area after the cut-off date may be subject to removal without any compensation.

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7 Project Information Booklets and LARPs publicized and available to any interested person, posters displayed in public areas and information boards in the buildings of local Municipalities within project influence areas.
64. Relevant preventive measures will be undertaken not only during LARP preparation but while LARP implementation and construction process. This practice is to avoid deterioration of livelihood of any individual that may unintentionally turn to encroachers requested to vacate occupied territory without any compensation, if the boundaries of ROW are not defined and provided to relevant government agencies\(^8\) (local, regional, national) authorized to manage, monitor and prevent encroachment.

65. Each LARP prepared for specific sub-project/component will determine the cut-off date and this is the completion date of the final census of APs and inventory of project affected assets. The cut-off date will be defined for the whole sub-project and clearly stated in each LARP.

**Eligibility Criteria for Compensation of APs**

66. This LARF determines the eligibility criteria of project affected persons (APs) and provisions for compensating all types of losses: land, crops/trees, shelter, structures, business/employment, and workdays/salaries/wages. All APs, including land users without title or legitimate possession will be compensated for lost income and assets. Loss of land will be cash compensated at replacement cost at current market value in the amount to allow APs to acquire land of the same area, productivity and designation in vicinity of current location, as described in this LARF and relevant LARPs prepared later for each specific proposed sub-project.

67. The criteria for eligibility of compensation are based on APs belonging to one of three groups:
   a. those who have certified and/or formal rights to use of occupied land;
   b. those who do not have formal legal rights to land at the time of the DMS or census completions but have legitimate right to claim to such land or assets—provided that such claims are recognized under the laws of Georgia; (Untitled APs who were legitimate leasers under the old Soviet system either, plots with house or regularly cultivated/used their land, but do not have plots with a house.);
   c. those who have no legitimate possession or is not eligible to claim for recognizable legal right to the land they occupy (i.e., land users without registered certificate and informal settlers).

68. APs who are entitled to compensation under this Project include:
   a. Persons whose houses or structures are in part, or in total, affected temporarily or permanently by the Project;
   b. Persons whose residential dwellings, supplementary structures, fences/walls or commercial premises and/or agricultural land (or other productive land) is in part, or in total, affected (permanently or temporarily) by the Project;
   c. Persons whose business is affected temporarily or permanently by the Project;
   d. Persons whose employment or hired labor is affected, temporarily or permanently, by the Project;

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\(^8\) Ministry of Economy and Sustainable Development of Georgia, NAPR, etc.
e. Persons whose crops (annual and perennial) and/or trees are affected in part, or in total, by the Project, and  
f. Persons whose access to community resources, public facilities or property is affected in part, or in total, by the Project.

69. Where land is to be acquired, landowners (APs) with registered Title Certificate, land-users and/or legitimate possessors of land/real property eligible to legalization of ownership rights will receive cash compensation for land at replacement market value in the amount that will allow them to purchase a land parcel of equal size and productive value and be satisfactory to the AP.

70. Those APs that are not eligible for legalization of ownership rights under any rules or regulations being in force in Georgia are not eligible for compensation for land compensation but will receive compensation for assets attached to project affected land and other assistance as required (especially in the case of vulnerable APs).

71. Households headed by single women with dependents and other vulnerable households will be eligible for further assistance to fully mitigate project impacts. Table 2 below presents the Entitlement Matrix that will be closely followed during preparation of LARPs for each specific sub-project.

72. It is worth noting that the Entitlement Matrix presented in this LARF will be used as a basic document, that will be altered in due manner to reflect any nuances detected during DMS, census, socio-economic surveys and inventory project affected assets undertaken during the LARP preparation period and provide relevant mitigation measures or reasonable approach for loss and impact compensation.

**Compensation Entitlements**

73. Entitlement provisions for APs losing land, houses, assets, business, income, and rehabilitation subsidies, will include provisions for permanent and temporary loss of land, residential house and commercial buildings, annual crops and trees, relocation subsidy, and business loss allowance based on tax declarations and/or lump sums as determined in the LARP.

74. These compensation entitlements are in detailed described below and then summarized in Entitlement Matrix provided below in table 2.

**Affected Land**

75. **Loss of land (agricultural, residential, and commercial)** will be cash compensated at full replacement cost at current market value identified at the moment of LARP preparation based on Sales Price Comparison Approach, and be sufficient to purchase land parcel of equal size, location, soil productivity,
designation and use capacity to project affected land parcel. Land compensation unit rates will be determined by the independent licensed valuator’s report and confirmed in a project specific LARP.

76. Method for calculation of full replacement cost besides the value of affected asset, if needed, will also include cost of preparation of the land to levels similar to those of the affected land. The EA or the Consultant responsible for LARP development will hire independent licensed appraiser to meet the requirement stipulated under this LARF, follow the LARF’s valuation methodology and determine unit rates for compensation per each type of loss any AP may incur as a result of proposed project.

77. The amount of cash compensation shall allow AP to acquire alternative land parcels equal in value and productivity to the parcel released for proposed project purposes. If during LARP preparation the need is identified (by LARP Consultant and/or independent valuator) that AP may have to incur additional costs for preparation of new land parcel to levels similar to those of the affected land, APs will receive additional one-time allowance to cover costs, based on the valuation report and approved LARP.

78. Additionally, any fees/taxes related to processing legalization of ownership rights to project affected land parcel being under legitimate possession of AP, costs and fees for sub-division, registration of inaccurate records and at the NAPR registration of transaction of ownership title will also be covered by Executing Agency (UWSCG).

79. **Residual** land will be fully compensated if the remaining part of a particular plot becomes inaccessible or unviable for cultivation or for any use after the acquisition, then the remaining land will be acquired, subject to the agreements with the AP.

80. APs interested in full acquisition will apply to IMPO of UWSCG or Grievance Redress Committee (GRC). The IMPO in coordination with GRC will involve field expert to assess and determine whether the residual land is economically viable or not. The decision of GRC will be provided to AP. If proven the loss of economic viability of remaining portion of land, AP is eligible to claim full cash compensation as per land compensation unit rates under the approved LARP.

81. Cash compensation will be calculated as per the unit rates of the approved LARP applicable to the cases of permanent loss of land for title holders and/or legitimate possessors once they obtain land title.

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12 Such details are usually identified during preparation of project-specific LARP(s). If such needs arise the LARP should provide detailed description and justify such needs based on actual findings obtained during LARP preparation.

13 A portion of land that is left after the land is divided and purchased, if is too small for further agricultural, residential, commercial or for any use or is difficult to access.

14 If such need arise, UWSCG/IMPO/GRC may invite relevant field expert (for instance agricultural specialist if AP seeking for full acquisition is the holder of agricultural land parcel) who will assess whether the residual land is or is not economically viable. In general terms this depends on the size, access, configuration of land parcel etc.
82. **APs possessing potentially legalizable land parcels:** Technical assistance to APs through providing free-of-charge cadastral drawings required in the process of legalization of project affected land parcel being under their possession. Once legalization and registration of ownership title is accomplished, land acquisition will be undertaken and AP will receive cash compensation at full replacement cost at current market value at unit rate proposed in approved LARP. Cash compensation for land will be issued only after title registration at the NAPR.

83. Full replacement cost for project affected land, besides land market value, will also include cost of preparation of the land to levels similar to those of the affected land, if needed\(^\text{15}\).

84. **APs possessing non-legalizable land parcels and squatters** that are not legitimate land users or are squatters, who have no legalizable legal right or claim to the land they are occupying (i.e. land users without registered certificate and informal settlers) are eligible to compensation for income and assets loss but not land.

85. **State Lease holdings:**
   a. **State-owned agricultural land leaseholders:** APs will be assisted in free of charge renewal of lease (meaning that EA covers fees and costs required for lease renewal) in other plot of equal size and designation of affected land parcel renewal of the lease agreement and receive onetime cash compensation for loss of crops standing on project affected area. In case lease renewal is not possible, AP will receive cash compensation equivalent to market value of gross yield of affected land for the remaining lease years (up to a maximum of 3 years). Annual crops will be compensated in cash at gross market value of actual or expected harvest. All other private assets and improvements (fruit trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value/ according to LARF and project-specific LARP stipulations.

   b. **State-owned commercial land leaseholder:** APs will be assisted in free of charge renewal of lease (meaning that EA covers fees and costs required for lease renewal) in other plot of equal size and designation of affected land parcel; If confirmed by payroll that AP paid ahead lease amount for future period (he/she will not be able to use leased land due to project impact) prepaid amount of lease agreement will be compensated to AP as one time allowance. All other private assets and improvements (fruit trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value/ according to LARF and project-specific LARP stipulations.

   c. **State-owned residential land leaseholder:** APs will be assisted in free of charge renewal of lease (meaning that EA covers fees and costs required for lease renewal) in other plot of equal size and designation of affected land parcel.

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\(^\text{15}\) This considers cases, when real property market sub-segment in vicinity of project site is not active enough and AP may not easily find alternative land for sale similar to the project affected one, but with additional funding for land preparation may upgrade newly acquired land parcel.
land parcel; If confirmed by payroll that AP paid ahead lease amount for future period (he/she will not be able to use leased land due to project impact) prepaid amount of lease agreement will be paid to AP as one time allowance. All other private assets and improvements (fruit trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value/ according to LARF and project-specific LARP stipulations.

d. **AP without lease agreement and /Squatters:** State-owned land used by AP without legal document (registered lease agreement) and /or squatters will receive Cash compensation only for affected assets but no land compensation will be issued. Compensation for each type of affected asset (annual crops, perennials, structures, improvements and etc.) will be calculated according to the valuation methodology as described in the LARF and compensation unit rates defined in project specific LARP.

86. **Private residential and commercial land lease holding:** Landlord with the condition of presenting official lease agreement and prepayment confirmed by tax records, will be cash compensated for loss of income due to the termination of lease agreement: in case of permanent impact up to maximum 12 months; in case of temporary impact up to 3 months. Amount of compensation will be calculated based on payment records. Tenant/Renter: with the condition of presenting official lease agreement and prepayment confirmed by tax records will be cash compensated for months of pre-payment confirmed by payment receipts of tax records.

87. **APs not holding lease agreement:** if no official lease agreement or confirmed pre-payment tax records are presented, both: tenant and landlord will be provided with 3 months prior notice to vacate rented facilities without rental fee compensation. Both APs (landlord and renter) will be provided with onetime relocation allowance to transport personal belongings during vacating project affected facilities.

88. **Loss of shared agricultural land (pasture, grazing):** local communities losing access to shared pasture, hay field, grazing will be provided with replacement land of similar size, productivity, and location acceptable to affected community. Provision of such replacement land will be the responsibility of local government. However, the Executing Agency will bear the responsibility to monitor the process and ensure that such replacement land is timely provided to project affected community at the earlier stage of project cycle to prevent deterioration of livelihood within project influence area. If such replacement is not possible, Livelihood Restoration Plan will be prepared and implemented to address the needs of affected community and preserve their livelihood at least similar to pre-project level.

89. **Community Structures and Public Facilities:** if affected, all community /public facilities will be fully relocated or rehabilitated to meet their pre-project functions and utilities.
90. **Access to Community resources:** Access to public resources and facilities (such as, bridges, roads, schools, health center, potable water supply systems, irrigation channels, etc.) shall be maintained or reinstated during the entire project cycle.

**Affected Structures**

91. **Affected residential dwellings (solid and supplementary structures)** will be cash compensated at replacement cost at current market value calculated in accordance to Construction Cost Approach\(^{16}\) to determine compensation amount of all project affected structures and other fixed assets. Amount of compensation will be free of salvageable materials, depreciation and transaction costs. Construction cost calculation considers market cost of the materials to build a replacement structure with an area, designation and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, the cost of any labor and contractor’s fees, and the cost of any registration and transfer and any applicable taxes/fees. If applicable, the compensation for residential houses/commercial buildings will include the cost of lost water and electricity connections. In case of partial impacts, full cash assistance to restore the remaining structure will apply. If partial impact/demolition of a section of the building threatens deterioration of the structure or raises safety and security concerns, cash compensation will apply to the entire building and affixed assets of the affected structure. Construction materials remaining after the demolition of the structures will be deemed the ownership of the AP if requested so by the APs (demolishing schedule shall be communicated to APs beforehand).

92. **Private commercial structures subject to partial or full demolition:** Cash compensation at replacement cost at current market value calculated for project affected structure and other fixed assets free of salvageable materials, depreciation and transaction costs. If partial demolition threatens deterioration of structure or raises safety and security concerns the cash compensation will apply to the entire building and affixed assets.

93. **Other improvements:** all project affected private improvements\(^{17}\) - recorded during DMS and inventory carried out for project specific LARP preparation - will be cash compensated at full replacement value calculated similar to valuation of project affected structures adopted under this LARF and specified in project specific LARPs. Similar approach as applicable to all other type of project affected private structure-buildings.

94. **State/Municipality owned buildings affected by project and subject to partial or full demolition occupied by IDPs, refugees, squatters occupying facilities for residential purposes** will be vacated under 3 months prior written notice. Alternative accommodation in a government resettlement area will be allocated with similar size, conditions and location in vicinity; alternatively, reconstruction of affected structure may be considered and if feasible APs will be temporarily resettled (rental

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\(^{16}\) One of three approaches adopted under International Valuation Standards (IVS).

\(^{17}\) For instance: fences (iron meshed, timber, barbwire, metal slates, etc.), solid walls (made of blocks, bricks or concrete), arterial well, concrete foundations, man-made water storage reservoirs, etc.), canopy, latrine, barn in agricultural field, irrigation or potable water supply pipe, and any other private assets affixed to project affected land.
fee will be covered by EA) and once the reconstruction is completed they will be assisted to move back. Or APs will be issued sufficient self-relocation allowance\(^\text{18}\) as stipulated in the approved project-specific LARP.

**Affected Annual Crops**

95. **Annual Crops**: compensation in cash at market rate by default at gross crop value of expected harvest for 1 year. Cash compensation at current market rates for the net annual harvest by default. Crop compensation will be paid to landowners, land users, tenants or other users based on their specific sharecropping agreements being made between these parties, if any. Crop compensation will be paid even in case if APs have collected the harvest prior to receipt of compensation and launch of civil works.

**Affected Perennials**

96. **Fruit-bearing trees**: Cash compensation will reflect income replacement. Cash compensation will be calculated at current market value and according to type, age, and productive value of project affected fruit tree. Annual yield capacity of a mature fruit bearing tree multiplied by the market price of the fruit (Kg/GEL) and multiplied to the number of years required to grow a new tree to the same productivity age. In addition, each fruit bearing tree will be compensated for purchase of saplings.

97. The following formula is adopted to calculate cash compensation for fruit bearing project affected perennials:

\[ \{(B \times D) \times C\} + A \]

A – Price of sapling of a specific fruit tree
B – Market price of a specific fruit GEL/Kg
C – Number of years to be compensated
D – Annual yield capacity of a fruit tree (Kg/yr./tree).

98. Construction Company will log down project affected trees. APs will be eligible to dispose logged trees themselves, if they so choose. In addition, each fruit bearing tree shall be compensated for purchase of seedlings.

99. **Timber trees/non-fruit bearing perennials**: Cash Compensation will be calculated for timber value of decorative trees and perennials not bearing fruits. Construction Company will log down project affected trees. APs will be eligible to dispose logged trees themselves, if they so choose. In addition, each project affected timber/decorative tree will be compensated for purchase of seedlings.

100. **All Perennials standing on public/state land**: Construction Company will log down and deliver timber to location identified by the local Municipality. Municipality may later distribute to local population below poverty levels.

\(^{18}\) The amount of allowance will be calculated based on DMS, census and SES results and consideration of relevant amount of compensation defined under project-specific LARP to ensure all APs falling in this category to be provides with sufficient allowance to reinstate their livelihood.
Business Stoppage:

101. **Businesses Owner:**
   
a. **Permanent Impact:** cash compensation for 12 months income based on a tax declaration; if unavailable, based on the official minimum subsistence income for the family of five member (maximum up to 12 months).

b. **Temporary stoppage of business:** cash compensation for period of business interruption to be determined in approved LARP to adequately address project specific cases. Monthly income calculated based on tax declaration and multiplied to the number of months as determined in the project-specific LARP; if tax declaration is unavailable, cash compensation will be calculated based on the official minimum subsistence income for the family of five member (multiplied to the number of months as defined in the approved LARP (maximum up to 6 months).

102. **APs who pay tax based on flat tax rate:**
   
   a. **Permanent Impact:** cash compensation equal to 12 months minimum subsistence allowance for the family of five members;
   
   b. **Temporary impact:** Cash compensation equal to 3 months minimum subsistence allowance for the family of five members.

   Amounts should be updated based on the national indicators for given month.

103. **Business workers and employees:** Indemnity for lost wages for 3 months or 3 months minimum subsistence allowance for the family of five members, whichever is higher, if tax reports are available. In cases where tax declaration reports are not available 3 months minimum subsistence allowance for the family of five members per employee and/or hired labour.

104. **Agricultural workers, facing contract termination:** Cash indemnity corresponding to their salary for the remaining part of the agricultural year, and where needed livelihood restoration measures.

105. **Agricultural Sharecroppers** will receive their share of harvest at market rates (if impact is temporary) plus one additional crop compensation (if impact is permanent).

**Additional Rehabilitation Measures for Vulnerable and Severely Affected AHs**

106. In compliance with ADB SPS 2009 and this LARF each LARP shall consider additional rehabilitation measures to be provided once vulnerable and severely affected APs are detected during LARP related surveys (DMS, census, socio-economic survey, title search) and LARP preparation.

107. **Vulnerability allowance:** Vulnerable AH, in addition to the compensation of lost land and crops, vulnerable AHs will be provided with additional rehabilitation measure as one time allowance: Cash compensation covering 1 year yield from affected land or 3 months of minimum subsistence income for the family of five (5) members, whichever is higher. The amount of this one-time compensation is calculated based on the data retrieved from official website of the National Statistics Office of Georgia – GEOSTAT. Additionally, other capable members of

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families with vulnerable APs will be given priority in employment in project-related jobs.

108. **Severe Impact**\(^{20}\): APs losing 10% and more of income generating land, in addition to the compensation of lost land and crops, will be provided with additional rehabilitation measure; in particular, one-time allowance equal to the market value of a year’s gross yield of the land lost or one-time cash compensation calculated based on the minimum subsistence monthly income level for the household of five (5) persons multiplied to 3 months per AH, whichever is higher. The amount of this one-time compensation is calculated based on the data retrieved from official website of the National Statistics Office of Georgia – GEOSTAT.\(^1\)

109. Besides cash compensation, capable members of severely affected household will be given priority in employment in project-related jobs. In addition to the compensation permanently affected Business, worker/employees and land owners/farmers, vulnerable AHs will be provided with trainings on computer literacy and/or other trainings according the request as part of livelihood restoration activities. This will be assessed and described in detail in the LARPs.

110. **Relocation subsidy**: APs subject to physical displacement (resettlement) will receive a one-time relocation subsidy sufficient to cover transport costs to be determined in project-specific LARP and plus allowance to cover living expenses for three (3) months at minimum subsistence income level.

**Impact related to spoil disposal areas and construction camps**

111. **Temporary impacts**: Temporary access will be set up by Construction Company. However, in case of any temporary impact caused by the use of land for camp or as a temporary disposal area, will be regulated by private agreements between the Contractor and the land owners and reported respectively. **Permanent impacts**: Any permanent impact on land caused by the use of land for permanent disposal of unsuitable material or debris remaining after demolition of existing parts of the road, will be adequately compensated as per the provisions set up in this LARF and the LARP. In addition, adequate livelihood assistance for loss of hay and grazing grounds, if any, will be assessed and provided during implementation. Such cases shall be properly reported under the project reporting requirements in accordance with SPS 2009.

112. Any other unforeseen impacts that may occur during construction, including impacts on livelihoods not otherwise assessed will be addressed as required in the spirit of this LARF and as stipulated in the LARP prepared for each proposed project and/or identified during the project implementation.

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\(^{20}\) Under any project the nature and character of severe impact may vary from each other. It is most important that all new cases of possible severe impact are detected, clearly described, and relevant mitigation measures suggested in each project-specific LARP.

\(^{21}\) [https://www.geostat.ge/en/modules/categories/49/subsistence-minimum](https://www.geostat.ge/en/modules/categories/49/subsistence-minimum)
**Escrow Accounts**

113. Amount of cash compensation will be deposited on the special account under authorization of the UWSCG, if during LARP implementation process, any AP is missing, absent, or deceased, issuance of compensation is postponed due to legal procedures or is not received by the AP due to any other legitimate reason.

**APs with Bank Loans and Mortgaged Project Affected Assets**

114. APs - holding financial liabilities or bank loans using project affected assets, as collateral, will be given a choice:
   a. UWSCG will transfer compensation amount directly to the bank to cover the mortgage loan and the remaining amount to be wire transferred to the AP; or
   b. UWSCG will deposit the amount of compensation on the special account (i.e. escrow account) until APs settle Bank loan and only afterwards the cash will be transferred to APs’ personal account.

**Official Fees and Taxation**

115. In none of these cases the APs will be liable for any taxes (such as income Tax and VAT) incurred as a result of acceptance of cash compensation issued under the approved LARP and eventual transaction fees. Fees for Notary service, court related administrative fees, fees for legalization, sub-division and registration at the NAPR will be paid by the Executing Agency; LARP implementation cost including fee, taxes, and costs will be fully covered by UWSCG, unless waived by the GOG. Additionally, charges to cover bank service fees will be included on top of the amount of cash compensation to be received by APs at the banks.

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22 However, AP is liable to cover cost if he/she decides to lodge the claim to the court or hire independent appraiser for alternative valuation of project affected assets.
Table 2: Entitlement Matrix

<table>
<thead>
<tr>
<th>Type of Impact</th>
<th>Application</th>
<th>Definition of AP/AHs</th>
<th>Compensation Entitlements</th>
</tr>
</thead>
</table>
| Permanent loss of all types of private land | All land losses independent from impact severity                              | APs (with fully registered title)                                | Cash compensated calculated at full replacement cost at current market value identified at the moment of LARP preparation to be sufficient to purchase land parcel of equal size, location, soil productivity, designation and use capacity to project affected land parcel.  
Full replacement cost for project affected land, besides land market value, will also include cost of preparation of the land to levels similar to those of the affected land, if needed. AHs will be free of land parcel sub-division and transaction registration costs. |
| Residual land\(^{29}\) of all types under private ownership | Any privately owned land that will lose previous designation and economic viability as a result of project related land acquisition | All AHs facing the risk of keeping residual land, i.e. "Orphan land" | Residual land will be fully compensated if the remaining part of a particular plot becomes inaccessible or unviable for cultivation or for any use after the acquisition, then the remaining land will be acquired, subject to the agreements with the AP.  
APs interested in full acquisition will apply to IMPO of UWSCG or GRC. The IMPO in coordination with GRC will involve field expert to assess and determine whether the residual land is economically viable or not. The decision of GRC will be provided to AP.  
If proven the loss of economic viability of remaining portion of land, AP is eligible to claim full cash compensation and alienation of the entire area of such land parcel.  
Cash compensation will be calculated as per the unit rates of the approved LARP applicable to the cases of permanent loss of land for title holders and/or legitimate possessors once they obtain land title. |

\(^{29}\) A portion of land that is left after the land is divided and purchased, if is too small for further agricultural, residential, commercial or for any use or is difficult to access.
<table>
<thead>
<tr>
<th>Type of Impact</th>
<th>Application</th>
<th>Definition of AP/AHs</th>
<th>Compensation Entitlements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All types of project affected land parcels under legitimate possession of APs independent from impact severity</td>
<td>APs with recognizable title</td>
<td>Technical assistance to APs through providing free-of-charge cadastre drawings required in the process of legalization of project affected land parcel being under their possession. Once legalization and registration of ownership title is accomplished, land acquisition will be undertaken and AP will receive cash compensation at full replacement cost at current market value at unit rate proposed in approved LARP. Cash compensation for land will be issued only after title registration at the NAPR. Cash compensation calculated at full replacement cost at current market value determined to be sufficient to purchase land parcel of equal size, location, soil productivity, designation and use capacity to project affected land parcel. Full replacement cost for project affected land, besides land market value, will also include cost of preparation of the land to levels similar to those of the affected land, if needed.</td>
</tr>
<tr>
<td>APs possessing non-legalizable land parcels and squatters</td>
<td>APs using land without recognizable title; i.e. AP with no legalizable legal right or claim to the land they are occupying (i.e. land users without registered certificate and informal settlers) are eligible to compensation for income and assets loss but not land.</td>
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<tr>
<td>Type of Impact</td>
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<td>Definition of AP/AHs</td>
<td>Compensation Entitlements</td>
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<tr>
<td>Lease holdings</td>
<td>State-owned agricultural leased land</td>
<td>AP holding registered lease agreement</td>
<td>Leaseholder APs will be assisted in free of charge renewal of lease (meaning that EA covers fees and costs required for lease renewal) in other plot of equal size and designation of affected land parcel. In case lease renewal is not possible, AP will receive cash compensation equivalent to market value of gross yield of affected land for the remaining lease years (up to a maximum of 3 years). If confirmed by payroll that AP paid ahead lease amount for future period (he/she will not be able to use leased land due to project impact) prepaid amount of lease agreement will be compensated to AP as one time allowance. Annual crops will be compensated in cash at gross market value of actual or expected harvest. If affected, all other private assets and improvements (fruit trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value according to LARF and project-specific LARP stipulations.</td>
</tr>
<tr>
<td>State-owned commercial leased land</td>
<td>AP holding registered lease agreement</td>
<td>Leaseholder APs will be assisted in free of charge renewal of lease (meaning that EA covers fees and costs required for lease renewal) in other plot of equal size and designation of affected land parcel; If confirmed by payroll that AP paid ahead lease amount for future period (he/she will not be able to use leased land due to project impact) prepaid amount of lease agreement will be compensated to AP as one time allowance. All other private assets and improvements (fruit trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value/ according to LARF and project-specific LARP stipulations.</td>
<td></td>
</tr>
<tr>
<td>State-owned residential leased land</td>
<td>AP holding registered lease agreement</td>
<td>Leaseholder APs will be assisted in free of charge renewal of lease (meaning that EA covers fees and costs required for lease renewal) in other plot of equal size and designation of affected land parcel; If confirmed by payroll that AP paid ahead lease amount for future period (he/she will not be able to use leased land due to project impact) prepaid amount of lease agreement will be paid to AP as one time allowance. All other private assets and improvements (fruit trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value/ according to LARF and project-specific LARP stipulations.</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>trees, structures, etc.) financed by the AP will also be evaluated and cash compensated at full replacement value/ according to LARF and project-specific LARP stipulations.</td>
</tr>
<tr>
<td></td>
<td>State-owned land used without lease agreement</td>
<td>AP not holding lease agreement and /Squatters</td>
<td>Cash compensation only for affected assets but no land compensation will be issued. Compensation for each type of affected asset (annual crops, perennials, structures, improvements and etc.) will be calculated according to the valuation methodology as described in the LARF and compensation unit rates defined in project specific.</td>
</tr>
</tbody>
</table>
| Private land holdings | Private land (commercial residential) | APs holding lease agreements | **Landlord:** with the condition of presenting official lease agreement and prepayment confirmed by tax records, will be cash compensated for loss of income due to the termination of lease agreement: in case of permanent impact up to maximum 12 months; in case of temporary impact up to 3 months. Amount of compensation will be calculated based on payment records.  
**Tenant/Renter:** with the condition of presenting official lease agreement and prepayment confirmed by tax records will be cash compensated for months of pre-payment confirmed by payment receipts of tax records. If no official lease agreement or confirmed pre-payment tax records are presented, a renter and a landlord, both parties (landlord and renter) will be provided with 3 months prior notice to vacate rented facilities.  
Both APs (landlord and renter) will be provided with onetime relocation allowance to transport personal belongings during vacating project affected facilities. |
<p>|               | Private land (agricultural, commercial residential) | APs not holding lease agreement | In case of official lease agreement or confirmed pre-payment tax records are presented, both: tenant and landlord will be provided with 3 months prior notice to vacate rented facilities without rental fee compensation. Both APs (landlord and renter) will be provided with onetime relocation allowance to transport personal belongings during vacating project affected facilities. |
| Permanent loss of community | (pastures, grazing land) | Local community | Local communities losing access to shared pasture, hay field, grazing will be provided with replacement land of similar size, |</p>
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<tr>
<td>land (pastures, grazing land)</td>
<td></td>
<td>losing access to pasture, grazing land</td>
<td>Provision of such replacement land will be the responsibility of local government. However, the Executing Agency will bear the responsibility to monitor the process and ensure that such replacement land is timely provided to project affected community at the earlier stage of project cycle to prevent deterioration of livelihood within project influence area. If such replacement is not possible, Livelihood Restoration Plan will be prepared and implemented to address the needs of affected community and preserve their livelihood at least similar to pre-project level.</td>
</tr>
<tr>
<td>Affected public/ community Structures</td>
<td>All structures used by local community</td>
<td>All local population within project area</td>
<td>All project affected community /public facilities will be fully relocated or rehabilitated to meet their pre-project functions and utilities.</td>
</tr>
<tr>
<td>Access to Community resources</td>
<td>Loss of access caused as result of project works</td>
<td>All local population within project area</td>
<td>Access to public resources and facilities (such as, bridges, roads, schools, health center, potable water supply systems, irrigation channels, etc.) shall be maintained or reinstated during the entire project cycle.</td>
</tr>
<tr>
<td>Affected Structures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>Residential dwellings subject to partial or full demolition</td>
<td>All APs regardless the title (including squatters)</td>
<td>All affected structures (house and supplementary) will be cash compensated at full replacement cost. Amount of compensation will be free of salvageable materials, depreciation and transaction costs. Construction cost calculation considers market cost of the materials required to build a replacement structure with an area, designation and quality similar to or better than those of the affected structure, or to repair a partially affected structure, plus the cost of transporting building materials to the construction site, the cost of any labor and contractor’s fees, and the cost of any registration and transfer and any applicable taxes/fees. If applicable, the compensation for residential houses/commercial buildings will include the cost of lost</td>
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<td>--------------------------</td>
</tr>
<tr>
<td>Commercial structures subject to partial or full demolition</td>
<td>All APs</td>
<td>All structures (main and supplementary buildings) will be cash compensated at full replacement cost at the similar approach as applicable to the residential dwellings.</td>
<td></td>
</tr>
<tr>
<td>Any private improvements</td>
<td>All project affected private improvements recorded during DMS and inventory</td>
<td>All APs</td>
<td>Similar approach as applicable to all other type of project affected private structure-buildings.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>All project affected private improvements recorded during DMS and inventory carried out for project specific LARP preparation - will be cash compensated at full replacement value calculated similar to valuation of project affected structures adopted under this LARF and specified in project specific LARPs.</td>
</tr>
<tr>
<td>State/Municipality owned buildings</td>
<td>Project affected state/Municipality owned buildings subject to partial/full demolition</td>
<td>IDPs, refugees, squatters occupying facilities for residential purposes</td>
<td>Accommodation in a government resettlement area or a self-relocation allowance as stipulated in project-specific LARP and approved by EA and ADB</td>
</tr>
<tr>
<td>Annual Crops</td>
<td>Crops affected</td>
<td>All APs (including squatters)</td>
<td>Compensation in cash at market rate by default at gross crop value of expected harvest for 1 year. Cash compensation at current market rates for the net annual harvest by default. Crop compensation will be paid to landowners, land users, tenants or other users based on their specific sharecropping agreements being</td>
</tr>
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</table>

water and electricity connections. In case of partial impacts, full cash assistance to restore the remaining structure will apply.

If partial impact/demolition of a section of the building threatens deterioration of the structure or raises safety and security concerns, cash compensation will apply to the entire building and affixed assets of the affected structure. Construction materials remaining after the demolition of the structures will be deemed the ownership of the AP if requested so by the APs (demolishing schedule shall be communicated to APs beforehand).
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</thead>
<tbody>
<tr>
<td>Project affected perennials standing on APs land</td>
<td>Fruit bearing perennials</td>
<td>All APs (including squatters)</td>
<td>Crop compensation will be paid even in case if APs have collected the harvest prior to receipt of compensation and launch of civil works.</td>
</tr>
<tr>
<td>Non-fruit bearing perennials</td>
<td>All APs (including squatters)</td>
<td>Cash compensation at market value on the basis of type, age, and productive value of fruit tree; each fruit bearing tree in addition shall be compensated for purchase of saplings. APs will be eligible to dispose logged trees themselves. Construction company ensures free logging.</td>
<td></td>
</tr>
<tr>
<td>Project affected perennials on State land</td>
<td>All perennials</td>
<td>Perennials standing outside of private land</td>
<td>Construction Company will deliver logged down trees and transfer to the Municipality. Municipality may later distribute to local population below poverty levels.</td>
</tr>
<tr>
<td>Income loss</td>
<td>Affected Business, Employment</td>
<td>Temporary or permanent loss of business or employment</td>
<td>Business Owners</td>
</tr>
<tr>
<td><strong>Permanent Impact</strong>: cash compensation for 12 months income based on a tax declaration; if unavailable, based on the official minimum subsistence income for the family of five member (maximum up to 12 months). <strong>Temporary Impact</strong> (temporary stoppage of business operations): cash compensation for period of business interruption to be determined in approved LARP to adequately address project specific cases. Monthly income calculated based on tax declaration and multiplied to the number of months as determined in the project-specific LARP; if tax declaration is unavailable, cash compensation will be calculated based on the official minimum subsistence income for the family of five member (multiplied to the number of months as defined in the approved LARP (maximum up to 6 months).</td>
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<tr>
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</tr>
<tr>
<td>APs Flat Tax Rate Payers</td>
<td>Permanent Impact: cash compensation equal to 12 months minimum subsistence allowance for the family of five members. Temporary impact: Cash compensation equal to 3 months minimum subsistence allowance for the family of five members. Amounts should be updated based on the national indicators for given month).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business workers and employees:</td>
<td>Indemnity for lost wages for 3 months or 3 months minimum subsistence allowance for the family of five members, whichever is higher, if tax reports are available; If tax declaration reports are not available 3 months minimum subsistence allowance for the family of five members to be issued per employee and/or hired labour.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural workers, facing contract termination</td>
<td>Cash indemnity corresponding to their salary for the remaining part of the agricultural year, and where needed livelihood restoration measures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Sharecroppers</td>
<td>Cash compensation for their share of harvest at market rates (if impact is temporary) plus one additional crop compensation (if impact is permanent).</td>
<td></td>
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</tr>
</tbody>
</table>

**Additional Rehabilitation Measures & One-time Allowances**

| Technical assistance in legalization, registration procedures | All APs | Free of charge technical assistance to APs during legalization, subdivision of project affected parcel, registration of corrections and/or sales transaction. |
| Taxes and registration fees | All APs | Project related State taxes, official fees and transactions costs if not waived will be covered by the GOG. |
| Vulnerability Allowance | AHs below poverty line; AHs headed by All vulnerable AHs regardless | In addition to the compensation of lost land and crops, vulnerable AHs will be provided with additional rehabilitation measure as one time allowance: Cash compensation covering 1 year yield from |

30 In some cases, the APs may be reimbursed transaction related costs they incurred for project purposes (e.g. VAT, Income Tax, Court/Notary fees, and Court costs.)
<table>
<thead>
<tr>
<th>Type of Impact</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>disabled/pensioner; Female-headed households; AHs of IDPs; Refugees</td>
<td>ownership status</td>
<td>affected land or 3 months of minimum subsistence income for the family of five (5) members, whichever is higher. Additionally, other capable members of families with vulnerable APs will be given priority in employment in project-related jobs.</td>
</tr>
<tr>
<td>Severe Impact</td>
<td>(i) APs losing 10 % and more of income generating land, assets or (ii)</td>
<td>All severely affected AHs regardless ownership status</td>
<td>In addition to the compensation of lost land and crops, severely AHs will be provided with additional rehabilitation measure as one time allowance: Cash compensation covering 1 year yield from affected land or 3 months of minimum subsistence income for the family of five (5) members. Additionally, other capable members of families with vulnerable APs will be given priority in employment in project-related jobs.</td>
</tr>
<tr>
<td></td>
<td>physical displacement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relocation</td>
<td>Transport and transitional livelihood allowances</td>
<td>All APs subject to physical displacement regardless the title</td>
<td>APs subject to physical displacement, resettlement will receive a one-time relocation subsidy sufficient to cover transport costs to be determined in separate LARP and plus allowance to cover living expenses for three (3) months at minimum subsistence income level plus transportation cost.</td>
</tr>
<tr>
<td>Rental allowances</td>
<td>Rented residential and commercial facilities</td>
<td>Residential tenants/renters</td>
<td>One-time allowance equals monthly rental fee (specified in the lease agreement) multiplied by 3; if Lease agreement is not available, minimum monthly subsistence income for a family of 5 members multiplied by 3.</td>
</tr>
<tr>
<td>Impact related to spoil disposal areas and construction camps</td>
<td>Temporary and permanent loss of access to land parcels, assets</td>
<td>Tenant of commercial facility</td>
<td>One-time allowance equal to monthly rental fee (specified in the lease agreement) multiplied by 3; if Lease agreement is not available, minimum monthly subsistence income for a family of 5 members multiplied by 3.</td>
</tr>
</tbody>
</table>

31 If there are cases where the tenant/renter has paid rent in advance for a longer period of time, the landlord will be requested to reimburse the money to the tenant/renter for the corresponding period if adequate evidence is available.
<table>
<thead>
<tr>
<th>Type of Impact</th>
<th>Application</th>
<th>Definition of AP/AHs</th>
<th>Compensation Entitlements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any other unforeseen</td>
<td>All impacts during construction, including impacts on livelihoods not otherwise assessed</td>
<td>All APs/AHs</td>
<td>As required, in the spirit of this LARF and as stipulated in the LARP prepared for each proposed project and/or identified during the sub-project implementation</td>
</tr>
</tbody>
</table>

Compensation Entitlements:

- as per the provisions set up in the LARF and project specific LARP.
- In addition, adequate livelihood assistance for incurred loss if any, will be assessed and relevant assistance provided during project implementation.
CHAPTER 5. INSTITUTIONAL ARRANGEMENTS

116. The Chapter describes the role, authority, and responsibility of state agencies involved in the process of LARP preparation and implementation. These agencies are: Executing Agency is the MRDI, Implementing Agency is UWSCG, Investment Program Management Office (IPMO), NAPR, Ministry of Infrastructure and Sustainable Development, Ministry of Finance, ADB, NGOs, and consultants.

117. Below are described their roles and responsibilities with regard to the proposed project:

118. The UWSCG, through its Environmental Protection Department and revamped IPMO will ensure the overall social safeguards compliance of the project with ADB SPS (2009) with support of construction supervision consultant (CSC).

119. UWSCG: Carries responsibility for all LARP related issues on local and National levels. Besides, the UWSCG is in charge to:
   a. Hire and supervise the CSC involved in overall social safeguards monitoring and preparation of LARP (if any);
   b. In case of design/alignment changes: (i) approval of the design change in coordination with ADB. (ii) assist CSC in social screening and preparing updated SDDR and/or LARP (hosting the public consultations, official obtain of the data from other local and governmental agencies, other actions under the authority of UWSCG as needed, budget allocation issues etc.);
   c. Assist IPMO in coordination of all LARP related activities, including the preparation of updated SDDR and/or LARP/CAP and addressing the social non-compliance issues, if any;
   d. Ensure that efficient GRM defined by this LARF is maintained in place and operational once the project is effective to assist APs and stakeholders to resolve queries and complaints in a timely manner,
   e. Host and assist IPMO/DSC in organization and conducting of public consultations through the project implementation;
   f. Presenting all necessary documents to ensure rapid allocation of resettlement budget and undertaking further payment of defined compensation amounts to project affected persons;
   g. Provision of internal monitoring through IPMO and CSC; and,
   h. Upload the approved safeguards documents (SDDR/LARP) to UWSCG website for Public Disclosure.

120. IPMO: A new social safeguards and resettlement specialist to be recruited in IPMO will be responsible for social safeguards compliance, including the LARP preparation and implementation, as needed. In particular:
   a. Review and approve the quarterly monitoring reports and ensure the overall social safeguards compliance through CSC;
   b. Finalize SSMRs for submission to ADB and address potential ADB’s comments until SSMR disclosure;
   c. Review and approve all applicable safeguards documents prepared by CSC, such as updated SDDR, LARP, CAP and submit for ADB’s clearance,
   d. Organize the public consultations during the project implementation with support of CSC;
e. Ensure the effective GRM: (i) communication with complainants to address the grievances which could not be solved on Contractor and CSC level, (ii) GRM database consolidation and data analysis, (iii) update UWSCG on submitted, resolved, pending cases and proposed solutions.

121. **Construction Supervision Consultant (CSC):** CSC will be responsible for construction supervision activities, as well as for the social safeguards monitoring, including the update of SDD and/or preparation of LARP/CAP, preparation of draft quarterly progress reports (QPR) and semi-annual social monitoring reports (SSMR) for IPMO’s review; to observe and monitor completion of all compensation/rehabilitation payment procedures prior to construction contractor entering the site in case of LARP and preparation of LARP implementation Compliance Report for IPMO’s/ADB’s review and approval. CSC will assist UWSCG and IPMO in overall safeguards monitoring and compliance in accordance with requirements set in SDDR, this LARF, LARP (if any) and ADB SPS2009.

122. **Ministry of Finance:** Allocates compensation and rehabilitation funds based on the submitted land acquisition and resettlement plan and relevant budget.

123. **Ministry of Justice/NAPR:** The Ministry of Justice is responsible for legal matters regarding land ownership, and National Agency of Public Registry within the Ministry of Justice is in charge of land registration and transfer of title through purchase agreement from landowners to the UWSCG.

124. **Local Courts:** In case of expropriation issues, UWSCG will have to rely on the local court, which based on due legal process will have to review the expropriation cases, carry out a hearing and decide whether the land can be expropriated and at what price.

125. **Ministry of Economy and Sustainable Development:** Ministry of Economy and Sustainable Development (MOESD) issues a decree confirming necessity for expropriation and assigning the UWASCG as the expropriator authorized to execute expropriation. Decision on the expropriation will be resolved in about 1 month.

126. **Asian Development Bank (ADB):** Where applicable, besides regular supervision of the project activities, the ADB will also review LARF, LARP, Compliance Reports, SSMRs and clear contract awards signing and initiation of civil works with LARP implemented/DD developed for sub-projects/components with confirmed no LAR impacts.

**Local Government**

127. Local government especially at Sakrebulo level has direct jurisdiction for land administration, in addition provides continuous support during project planning and implementation phases, and acts as the liaison between the IA and local population and other state agencies at rayon level.

128. Mayor of Municipality the executive agency at the local level is involved in the project planning and implementation activities and ensures effective inter-agency
coordination to enhance the pace of project required official decisions, as requested.

129. NGOs practicing in concerned field will participate in public consultations and draft LARP public disclosure process to provide feedback and suggestions. Representative of local NGO will be invited on boards of 1st level GRC.

Consultants

130. Different types of consultants will be involved in LAR tasks:
   a. **TRTA consultants:** These include international and/or local LAR capacity and needed survey teams to carry out field-surveys and prepare the needed social safeguards documents (SDDRs, LARPs, LARF).
   b. **Design consultants:** These will include international and local LAR capacity and needed survey teams carry out the same activities for updating/finalizing the SDDR or LARP of the project based on the detailed engineering design.
   c. **Supervision consultants:** These include international and local LAR capacity and needed survey teams and will assist in overall Project supervision. The details of CSC’s responsibilities are provided above in para 134.
   d. **Independent Asset valuators:** These will be accredited private firms to be hired by the CSC to carry out the evaluation of affected assets.
CHAPTER 6. LARP PREPARATION AND IMPLEMENTATION STRATEGY

LARP Objectives

131. The overarching objective of the LARPs in relation to land and asset acquisition is to avoid physical or economic displacement, and when it cannot be avoided compensation and mitigation measures should be planned and implemented to ensure that APs are provided with fair compensation and reasonable assistance to improve, or at least restore their living standards and livelihoods to pre-project levels.
132. Each LARP shall comprise four important elements: (i) impact assessment, (ii) compensation to replace lost assets, livelihood, and income; (iii) assistance for relocation, including provision of relocation sites with appropriate facilities and services; and, (iv) assistance for restoration of livelihood to achieve at least the same level of well-being with the Project as without it.

133. LARPs prepared within the framework of the project should base on the following principles:
   a. Involuntary resettlement is to be avoided or at least minimized;
   b. Compensation must ensure the maintenance of the APs’ pre-project living standards;
   c. APs should be fully informed and consulted on compensation options;
   d. APs’ socio-cultural institutions should be supported as much as possible;
   e. Compensation will be carried out with equal consideration of women and men;
   f. Lack of formal legal land title should not be a hindrance to compensation;
   g. Particular attention should be paid to households headed by women and other vulnerable groups and appropriate assistance should be provided to help them improving their living standards;
   h. Land acquisition and resettlement should be conceived and executed as a part of the project, and the full costs of compensation should be included in project costs and benefits, and
   i. Compensation/rehabilitation assistance will be paid prior to commencement of civil works, i.e. before an impact occurs.

134. The LARF adopts the following procedures to be applied:
   a. Design and construct the project to avoid residential areas wherever possible to minimize physical relocation of people, and select alignments that minimise acquisition of privately or publicly held productive land;
   b. Adopt design standards that minimise the need to impose land use restrictions on adjoining areas;
   c. Develop fair and transparent procedures, as defined in the Entitlement Matrix in this LARF for LARPs, to determine compensation for (i) temporary loss of land/assets during construction; (ii) permanent acquisition of land and assets; and (iii) restrictions on use of land that may be applied to areas adjoining the corridor;
   d. Acquire land (or right to use land) through negotiated agreements and with the use of the power of eminent domain only as a last resort;
   e. Upon completion of construction, restore land as best as possible to its original condition in the event of temporary disruption so as to enable landowners/users to resume their pre-project activities;
   f. Keep affected people and communities fully informed about the project, the process that will be followed to acquire and compensate for land, and their related rights and avenues for redress.
   g. Ensure that grievances APs may have will be redressed timely, adequately and that solutions in line with principles laid out in this LARF be employed;
   h. All APs, without regard to their status of legal rights to the land and assets, will receive support of various kinds, as per the principles set out in the Entitlement Matrix, to assist them in their efforts to improve, or at least restore, their livelihoods and standards of living prevailing prior to the Project.
135. Those who illegally occupy land will not be compensated for loss of land, but will receive compensation for loss of other assets and for loss of income such that they are also assisted in their efforts to improve, or at least restore, their livelihoods. Detailed measures to be implemented will be determined based on the census and socio-economic survey to be carried out when Resettlement Action Plan is developed. APs will be notified of the project implementation schedule and informed and consulted regarding the principles of land acquisition and loss of or damage to assets.

136. Damages to assets, such as standing crops, trees, fences and kiosks, and loss of income, including loss of harvest, will be minimized, and where inevitable, will be compensated without regard to legal status of ownership according to the Entitlement Matrix provided in this LARF for SRS. Also, the contractor is responsible for repairing any accidental damage of property to non-acquired assets.

137. Land Acquisition and Resettlement Plan (LARP) will be developed as per this LARF and the applicable international standards as well as Georgian legislation. Since, as discussed above, there are gaps between ADB SPS 2009 and Georgian legislation and practice on expropriation, any land acquisition required for the Project will be carried out as per the principles and procedures laid out in sub-project implementation ready LARP developed in adherence of this LARF. The details of land acquisition procedure will be spelled out in the LARP to be prepared for the project.

138. Social impact assessment surveys required during preparation of LARP for each sub-project should be based on census, inventory of losses (IOL) and detailed measurement survey (DMS). The summary results of census, SES, inventory of affected assets covering the entire sub-project should be provided in the final LARP.

139. The Census shall cover 100% of located APs. A table, in the format of excel spreadsheet shall reflect the number of APs, area of land take, affected assets, lost income, cases of severe impact, APs eligible to one-time allowances for severe impact, vulnerability, relocation costs, etc.

140. During LARP preparation is a must to ensure that socio-economic conditions, needs, and priorities of project affected women and minorities are addressed accordingly to ensure that land acquisition and resettlement does not disadvantage women. Therefore, data collected during census and socio-economic survey should be disaggregated by gender, age groups, ethnicity, and religious beliefs.

141. Each LARP shall include a LARP implementation budget and identify where the funds will come from. LARP implementation schedule should be linked to the procurement of civil works. Construction of civil works will not commence until

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32 An IOL or DMS is dependent on the level of design available. An IOL is usually undertaken based on preliminary design while a DMS is usually undertaken based on detailed design and demarcation of the extent of impact on the ground. Any plans prepared on the basis of an IOL will be updated following detailed design through the completion of a DMS.
compensation has been paid to all present APs. Compensation will be determined based on the replacement cost at current market rates and valuation methodology described in this LARF will be used as a guide to incorporate valuation methodology and unit rates per each type of loss identified during surveys and preparation of a specific LARP for each proposed sub-project. Section-by-section implementation approach can be applied as needed to be justified and clearly defined by the LARP.

142. As a result of data verification, the legalization and/or cadastral correction cases shall be revealed and included in the LARP implementation plan along with needed budget. APs that do not have proper registration or titles but are legitimate occupants of the plots they lose will be legalized and registered in the land records. Afterwards they will receive full compensation as eligible APs.

143. IA/EA may decide to deploy authorized agency or other third party (for instance, alternative licensed valuator) to ensure the sample check and verification of quality of valuation and ensure that there are no systematic gaps in valuation and compensation unit rates determined in accordance to the Valuation Report prepared by the independent licensed valuator are accurate and reasonable.

**LARP Preparation and Implementation Schedule**

144. The sample of LARP implementation schedule to be included in each LARP is described in table below. The tasks and implementation timeframe will be identified according to complexity and volume of work of each separate project implementation milestones. LARP preparation and implementation steps are summarized in table below.

<table>
<thead>
<tr>
<th>Table 3. Sample of LARP Implementation Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tasks</td>
</tr>
<tr>
<td>Month</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>LARP Preparation</td>
</tr>
<tr>
<td>Public Consultations</td>
</tr>
<tr>
<td>Census of 100% of located APs</td>
</tr>
<tr>
<td>SES of AHs</td>
</tr>
<tr>
<td>Inventory of project affected assets</td>
</tr>
<tr>
<td>Preparation of valuation methodology &amp;</td>
</tr>
<tr>
<td>determination of compensation unit rates</td>
</tr>
<tr>
<td>Development of draft LARP</td>
</tr>
<tr>
<td>Draft LARP Public Disclosure and Consultations</td>
</tr>
<tr>
<td>based on feedback update to Final LARP</td>
</tr>
<tr>
<td>LARP upload to ADB/ UWSCG websites</td>
</tr>
<tr>
<td>Govt. approval of APs List</td>
</tr>
<tr>
<td>Mobilization period</td>
</tr>
<tr>
<td>33 Based on experience in Georgia preparing and implementing a LARP may require a few months and will require the steps summarized in Table 4 below.</td>
</tr>
</tbody>
</table>
### CHAPTER 7. PUBLIC CONSULTATION, PARTICIPATION AND DOCUMENTS DISCLOSURE

**General overview**

145. Following ADB SPS 2009 policies, the UWSCG will ensure that this LARF and when prepared every LARP is translated into Georgian and distributed to local government agencies. Besides, the UWSCG will prepare Public Information Booklet (PIB), i.e., reduced version of the final LARF in understandable language and format for APs. The Public Information Booklet will be prepared into English and Georgian languages and provided to all APs and local governments to be publicly disclosed in the project site. Local government representatives are responsible to make the Public Information Booklet accessible to the local population, including potentially affected communities within the project influence area for review, comments and input made during the disclosure period. All comments and suggestions will be collected through the LAR Team and provided to Consultant, UWSCG and ADB and if relevant reflected in the final version of the document (LARF and LARPs).

146. All government agencies involved in LARP preparation and implementation process will be informed about the project, and their assistance will be solicited in the conduct of the inventory of affected assets and the census of APs. In addition, prior to LARP finalization and its submission, APs will be thoroughly informed on the results of the census and inventory of impacts, and their preferences on compensation and/or other resettlement assistance will be given due consideration. The processes and mechanisms ensuring the active involvement of APs and other stakeholders will be detailed in the LARPs, which will also include an appendix with dates, list of participants, and minutes of consultation meetings.

**Objectives of Public Information and Consultation**

147. Information dissemination to APs and involved agencies is an important part of LARP preparation and implementation. Consultation with APs and ensuring their active participation will reduce the potential conflicts and minimize the risk of project delays. To ensure that local authorities, as well as representatives of APs, will be included in the planning and decision-making processes, UWSCG and
Consultant will continue a dialogue with rayon and municipality authorities and NGOs, as relevant, during the entire project implementation process to ensure:

a. Fully sharing information about the proposed sub-project components and LARP activities with the APs (including the disclosure of design options as needed);

b. Obtaining information about the needs and priorities of APs, as well as receiving information about their reactions to proposed policies and activities;

c. Ensure that APs are fully informed about the decisions that will directly affect their incomes and living standards, and that they will have the opportunity to participate in activities and decision-making about issues that will directly affect them (including the announcement of cut-off date);

d. APs are given contact information of project responsible persons from local authorities/UWSCG that will provide timely sufficient feedback to their inquiries;

e. Obtaining the cooperation and participation of the APs and communities in activities necessary for resettlement planning and implementation;

f. Transparency in all activities related to land acquisition and resettlement.

**Consultation during LARP Preparation and Implementation**

148. Public consultation and participation plan will be included in the Project to involve the stakeholders, especially the people either directly benefiting from, or affected by the sub-projects, through participation in the design, implementation, and monitoring of the sub-projects. All communications will be in the language most appropriate for involved and engaged parties in the project area. During LARP preparation and implementation, the IPMO and CSC with assistance as required from the UWSCG will undertake the following:

a. Conduct information dissemination and consultation for all APs, NGOs and other stakeholders;

b. Establish the rates/unit prices to be used as the basis of compensation awards, and confirm land acquisition and impact on properties identified through the DMS/census, demarcation and inventory, in consultation with APs;

c. Conduct a survey (as part of the IOL/DMS) to:
   - inform them about possible resettlement options;
   - request information from APs about their preferences and choices of resettlement options; and,
   - request that APs indicate services such as education/health/markets that they are currently using and their distance from such services;

d. Consultation regarding the APs preferred option for livelihood stabilization and/or rehabilitation assistance (where required). This applies to APs experiencing significant impacts and vulnerable APs.

**Public Information Booklet**

149. To ensure that APs, their representatives, and local government agencies in sub-project areas fully understand the details of the LARP process, and are also informed about the compensation and rehabilitation packages applicable to the Project, a Public Information Booklet (PIB) will be prepared by the consultant.
150. This PIB will be distributed to all APs and communities in the sub-project area. The PIB will be translated into Georgian. The general contents of the PIB will include the following:
   a. Brief description of the project, implementation schedule;
   b. Project impacts, compensation entitlements and rights of APs;
   c. Resettlement and rehabilitation policies for all types of impacts;
   d. Institutions responsible for resettlement and time-frame (schedule), including the expropriation procedures if any;
   e. Information dissemination to and consultations with APs and stakeholders;
   f. What to do if APs have a question or a problem;
   g. Outline of the grievance redress procedure, and
   h. Requirements for monitoring and evaluation, including independent monitoring.

**LARF Public Disclosure**

151. This draft LARF in Georgian and English will be disclosed on the UWSCG and ADB websites. Georgian LARF will be provided to relevant Sakrebulo offices (Gamgeoba) and at village administration (Sakrebulo) once sub-projects are identified. Its English version will be disclosed on the ADB website after approval by ADB and GoG. Once a LARP for a sub-project covered by the LARF is prepared and approved by UWSCG, and applicable IFIs it will be disclosed at relevant Sakrebulo office (Gamgeoba) and at village administration (Sakrebulo). A pamphlet in Georgian, summarizing compensation eligibility and entitlement provisions, will be sent to all AP/AHs before the initiation of the compensation/rehabilitation process and before signing contract awards. The consultation process will be continued throughout the project cycle.

152. Public consultations with stakeholders has been conducted within the preparation of SDDR in Telavi, including the information dissemination on project activities, potential social and environmental impacts and mitigation measures, proposed GRM and contact of GRM focal persons etc. All the details on conducted PC are provided in SDDR. SDDR Georgian and English will be disclosed on the UWSCG and ADB websites.

**CHAPTER 8: GRIEVANCE REDRESS MECHANISM**

**Objectives**

153. The Grievance Redress Mechanism (GRM) is a process through which the affected people may voice and seek resolution of concerns throughout the entire project cycle. UWSCG for years has been successfully maintaining rather advanced, effective and efficient Grievance Redress Mechanism (GRM). This GRM will also cover this project as well. UWSCG ensures that affected people are fully informed of their rights and procedures for addressing complaints whether verbally or in writing during consultation, DMS, and at the time of receiving compensation and resettlement assistance.

154. The UWSCG has functioning Grievance Redress Commission (GRC) and mechanism for grievance redress established under the UWSCG Order No 196, dated October
30. 2018 developed in compliance with the Article 8, paragraph 7 of the UWSCG Charter.

155. GRC is being established, fully functioning and provided with required administrative support by PIU through the entire project circle including the LARP implementation, construction and operations period.

156. The role and responsibility of the GRC is to accept claims and complaints, assess its validity, determine the scope of eventual impacts, and timely resolve the issue, including the claims regarding the compensation and maintain grievance redress mechanism as flexible and efficient mechanism to address and resolve the claims as raised during project planning and implementation period.

Mechanism exercised to address grievances within ADB funded projects

157. The UWSCG has established three-phased (three-tiered) Grievance Redress Mechanism to be applied during processing the grievances submitted by project affected persons (hereinafter as named in the “interested parties”) during the implementation for ADB funded projects.

158. 1st Phase: At the first phase of grievance redress, an authorized representative of Customers Relations Division/Customers Service Office of Regional Branch/Service Center of United Water Supply Company of Georgia, LLC, is to familiarize him/herself with the content of the complaint, register the complaint by Form adopted by Appendix 1 to Order N196 and submit it to GRC, which will review the submitted complaint within two weeks’ time.

159. Composition of Grievance Redress Committee:
   a. Head of respective territorial unit of UWSCG (Regional Branch Manager/Service Center Director) – Chairman of Committee;
   b. Representative of UWSCG Investment Project Management Department;
   c. Representative of UWSCG Environmental Protection and Permits Department;
   d. Representative of project/subproject construction company;
   e. Representative of project/subproject supervision company;
   f. Representative/Commissioner of respective Municipality’
   g. Environmental Specialist of the ADB Investment Program;
   h. Representative of local NGO (as per grievance content);
   i. Representative of respective territorial unit of UWSCG – Committee Secretary.

160. 2nd Phase: in case the complaint is not resolved at the 1st Phase in two weeks’ time, an interested party can address Commission established under Clause 5 of Order N196:

161. Composition of Grievance Redress Commission:
   a. UWSCG Director;
   b. UWSCG Deputy Director on Technical Issues;
   c. UWSCG Deputy Director on Financial Issues;
   d. UWSCG Deputy Director on Commercial Issues;
e. Head of UWSCG Legal Department;
f. Head of UWSCG Environmental Protection and Permits Department;
g. Head of UWSCG Communications Office of Director’s Apparatus;
h. Head of UWSCG Projects Management Department;
i. Head of UWSCG Construction Supervision Department;
j. Representative of UWSCG Environmental Protection and Permits Department – Commission Secretary

162. An interested person is eligible to apply to ADB Georgia Resident Mission to the address provided below, in case the GRC fails to resolve problem raised in the complaint and grievance still remains unresolved after two-week time period since its official submission.

Asian Development Bank Georgia Mission
1, G. Tabidze Street; Tbilisi, Georgia
Tel: +995 322 250 619

163. IMPO (Investment Program Management Office) will ensure provision of relevant trainings to designated staff of Local Service Centres of USWCG on how to proceed and address grievances. Representative of the local service center responsible for GRM has to be acquainted with Environmental Management Plan and mitigation measures to identify what type of Claims has to be considered under GRM. In addition, Grievance Log and enough supply of blank Grievance Forms will also be provided.

164. Responsible person assigned at the local service center will register grievances in the Grievance Log. Temporary offices located at the construction sites also keep the Grievance Log to allow aggrieved person file the claim right on spot.

165. Contact Details (telephone numbers and full names of persons in charge) and the daily hours for receiving phone calls of APs and any interested person is included in the Information Leaflet and also displayed on Public Information Boards in the Local Service Centers and Municipalities within project affected area.

166. GRM was presented during the public consultation conducted with project stakeholders in Telavi (details can be found in SDDR) for Telavi WSS.

**ADB Accountability Mechanism**

167. When and the project GRM and ADB Operations Team have already been engaged and the AP is not satisfied with the outcome. The complainant can appeal the decision and bring the case to the ADB Accountability Mechanism.

168. The GRC established under UWSCG does not in any way impede APs access to the judicial or administrative remedies of the Country of Georgia.

[^34]: [https://www.adb.org/site/accountability-mechanism/main](https://www.adb.org/site/accountability-mechanism/main)
169. LARP Public Information Booklet and Grievance Redress Form attached will carry the contact information for the Office of the Special Office Facilitator to be readily available once any AP may wish to register a complaint with the ADB AM.

**Grievance Resolution Process Cycle**

170. The complaints and grievances from the APs will be addressed through the process described below:

<table>
<thead>
<tr>
<th>Phase</th>
<th>Action Level</th>
<th>Process</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Phase</td>
<td>UWSCG Local Service Center</td>
<td>An authorized representative of Customers Relations Division/Customers Service Office of Regional Branch/Service Center of United Water Supply Company of Georgia, LLC, is to familiarize him/herself with the content of the complaint, to register the complaint (both written or verbal) by Form adopted by Appendix 1 to Order N196 and to submit it to GRC, which will review the submitted complaint in two weeks’ time</td>
<td>2 weeks</td>
</tr>
<tr>
<td>2nd Phase</td>
<td>GRC</td>
<td>In case the complaint is not resolved at the 1st Phase in two weeks’ time, an interested party can address Commission established under Clause 5 of Order N196. The decisions from majority of the members will be considered final from the GRC and will be issued to AP after signed by GRC members. The case record will be updated and the decision will be communicated to the complainant within 14 days of submission.</td>
<td>2 weeks</td>
</tr>
<tr>
<td>3rd Phase</td>
<td>ADB Georgia Resident Mission</td>
<td>In case the GRC fails to resolve problem raised in the complaint and grievance still remains unresolved after two-week time period since its official submission, the interested person is eligible to apply to Asian Development Bank Georgia Mission.</td>
<td></td>
</tr>
</tbody>
</table>
Processing Grievance Log

173. Responsible person assigned at the local service centre will register grievances in the Grievance Log. Temporary offices located at the construction sites also keep the Grievance Log to allow aggrieved person file the claim right on spot.

174. All grievances responsible persons assigned in each local service centre regularly provide the information to the HQ office in Tbilisi. Person in charge is circulating the document exchange through intranet and each grievance is provided to UWSCG Department of International Procurement and Donors Relationship, Department of Environment Protection, resettlement and Permits. The information on Grievances is cumulated in HQ office where assigned person is handling the electronic Grievance Log.

175. Regular monitoring is carried out from the HQ to follow up with the grievance redress progress on each Phase to ensure that each grievance is reviewed and response is provided to complainant within established time-frame.

176. The electronic version of the consolidated database of submitted and processed grievances is available at the UWSCG. IPMO will ensure that consolidated GRM database is timely updated and information of grievance cases are properly reflected in QPRs and SSMRs.

CHAPTER 9: MONITORING AND REPORTING REQUIREMENTS

177. The Project will establish systems for internal monitoring and evaluation. The main purpose of the monitoring and evaluation programme is to ensure that resettlement and acquisition of land and properties have been implemented in accordance with the provision of ADB’s SPS 2009, the laws of Georgia and with this LARP.

178. **The objectives of the monitoring and evaluation programme are:**
   a. To ensure that the standard of living of AHs is restored or improved;
   b. To monitor whether or not the time lines are being met;
   c. To identify problems or potential problems;
   d. To identify immediate/rapid response methods to mitigate problems or potential problems, and
   e. To ensure that the GRM is functioning and grievances, if any, are being addressed timely and effectively.

*Internal Monitoring*

179. The UWSCG through IMPO and with assistance of CSC will conduct regular monitoring and assessment of the given project in line with the other on-going infrastructure projects through following the procedures established and successfully implemented by the company.

180. To achieve the main purpose and objectives of internal monitoring the UWSCG through IMPO will ensure to provide significant attention to the following aspects of project implementation process:
   a. Frequency and quality of information campaign and consultations hold for project affected people
b. Social screening in case of design changes and relevant measures set in this LARF, SDDR in accordance with SPS 2009

c. Status of land acquisition and payments of compensations for project affected assets, only for the projects covered by project specific LARP

d. Status of provision of additional rehabilitation and mitigation measures, only for the projects covered by project specific LARP

e. Close monitoring of complaints and grievance management.

181. All the social safeguards related aspects will be closely monitored by CSC during project implementation cycle including construction (and operation phase) to ensure project compliance with Procedures and Guidelines of ADB as set out in the ADB SPS 2009.

182. LARP implementation results and findings of regular monitoring to social safeguards issues and grievances will be reflected in Semi-annual Social Monitoring Reports, as well as in LARP implementation Compliance Report.

183. To achieve the objectives of social monitoring following aspects will be regularly addressed and reflected in relevant reports:

a. Review and assessment of effectiveness and thoroughness of legal procedures of land legalization and transaction registration exercised during land LARP implementation process;

b. Quality and frequency of public meetings, information disclosure on proposed project, level of accessibility for interested parties; efforts applied to encourage participatory involvement of APs/AHs in planning and implementation of resettlement plan;

c. Project related institutional arrangements and the level of efforts of local governance in LARP implementation process; actions and efforts undertaken by the UWSCG/IPMO to compensate APs according to terms and conditions identified under approved LARP(s);

d. APs’ satisfaction level surveys;

e. Review the accuracy of inventory of project affected assets and assess the fairness of calculation of compensation package per AH;

f. Review 100% of complaints and assess the efficiency of grievance redress mechanism;

g. Obtainment of the confirmation that 100% of APs received the assigned compensation;

h. Assess the effectiveness of rehabilitation measures undertaken/to be undertaken to ensure income and livelihoods restoration of AHs;

i. Provision of useful recommendations based on “lessons learned” which may be applied to future projects;

j. A general assessment of the LARP implementation and recommendations to ADB concerning the provision of the No Objection Letter to start the civil works.

**Reporting Requirements**

184. The results of internal monitoring during LARP implementation as well as project related construction activities will be communicated with UWSCG, Ministry of Infrastructure and ADB through the quarterly project reports (QPR) as well as semi-annual social monitoring reports (SSMR), to assess whether actual project impacts
are adequately addresses, compensation payments disbursed, if due and grievance redress procedures are applied during the reporting period.

185. The information on possible social/economic impact incurred during earth works and project construction activities will be collected directly from the field by the CSC and will be reported to IMPO on a monthly basis. Any design/alignment changes and associated social due diligence information also shall be reflected in submitted monitoring reports.

186. These monthly reports will then be consolidated by UWSCG and submitted to Ministry of Infrastructure and ADB on semi-annual basis.

**Capacity Building and Training in LARP Implementation**

187. To allow an effective execution of all LAR related tasks some expansion of the capacity on LAR currently available at UWSCG may be needed. As soon as the Investment Program becomes effective, once the IMPO’s safeguards staff is on board, the UWSCG will carry out with ADB and the CSC assistance a capacity needs assessment and will define the capacity building activities and if needed the additional experts required. Financing for capacity building initiatives will be included under the capacity building component of the Investment Program.

188. All concerned staff both at IPMO and GRC will undergo a two days orientation and training in ADB resettlement policy and management to be provided by a safeguards specialist of IPMO and by the CSC’s resettlement expert. Training will cover the following topics:
   a. Social screening and impact assessment;
   b. Principles and procedures of land acquisition;
   c. Public consultation and participation;
   d. Entitlements, compensation and assistance disbursement mechanisms;
   e. Grievance redress, and
   f. Monitoring of resettlement operations.

**Resettlement Budget and Financing**

189. LARP preparation and implementation costs, including cost of compensation and LAR administration, will be considered an integral part of the project cost and will be contributed as a counterpart fund by the GOG. The funds allocated by MoF will be delivered to APs by UWSCG. Costs of mitigation measures that may incur during construction will be included in the construction contracts. Cost for social safeguards supervision will be included in the consulting service of the CSC.

190. Each LARP will include a budget section indicating (i) unit compensation rates for all affected items and allowances; (ii) methodology followed for the computation of unit compensation rates; and (iii) a cost table for all compensation expenses including administrative costs and contingencies.

191. UWSCG of MRDI is responsible for ensuring timely allocation of funds by MoF needed for LARP implementation. Allocations will be reviewed twice a year based on the budget requirements indicated by the RPs. As per the LAR finances flow the
budget for compensation and rehabilitation will be directly disbursed by UWSCG to the AP.
Annex 1. Description of Valuation Methodology

General overview

1. Valuation methodology and determination unit rates for compensation loss of assets and income associated to land acquisition and easement will be calculated by an independent valuation expert to be recruited by the Consultant in line with the requirements of ADB SPS 2009 and the methodologies describe below. The detailed valuation methodology will be attached to the LARP along with used rates and sources.

Valuation Principles

2. Valuation of project affected land and assets shall consider the following:
   a. Applicable current regional schedules for land values obtained from municipal land commissions, if available
   b. Applicable current schedules for valuing structures, crops, and trees from local municipalities, if available
   c. Applicable current market prices
   d. Loss of future income or value.

3. The calculation of unit value will be done keeping in consideration the current market rate so as to meet with the replacement cost of the land and lost assets etc. An experienced and registered independent local company shall be employed to do the valuation of land, structures, buildings, trees, crops etc. The approach of the evaluator will consider the assessment for each type of land and assets by location. The valuation should be done when the census and DMS (detailed measurement survey) are conducted by the surveying company who prepares the map of affected plots with demarcation of cut-off areas. The valuation company will engage experts for respective areas who will undertake site visits for physical verification of each category of the losses. The expert team will also consider the reference of previous valuation if available and use latest release of market survey. Below are briefly described three appraisal methods adopted for valuation purposes.

Project Affected Land

4. Land replacement cost at current market value will be determined by the licensed appraiser based on the International Valuation Standards (IVS). These standards offer three appraisal methods:
   a. Sales Comparison Approach
   b. Income Capitalization Approach

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1. The Sales Comparison Approach is based upon the theories of supply and demand, balance, and substitution. The theory of substitution holds that the value of a property replaceable in the market tends to be set by the cost of acquiring an equally desirable “substitute” property. The theories of supply, demand, and balance are somewhat inter-related in that supply and demand forces tend to move toward equilibrium in the market.

2. Income Capitalization is a valuation method appraisers and real estate investors use to estimate the value of income-producing real estate. It is based upon the premise of anticipation i.e., the expectation of future benefits. To an investor, the future cash flows dictate what the present value should be and what he/she is willing to pay for the property. Income capitalization converts anticipated cash flows into present value by “capitalizing” net operating income by a market derived “capitalization rate”.

c. Cost Approach

Sales Comparison Approach

5. This approach is well established in international practice. Sales Comparative Approach is often used if the real property market sub-segment is active and the information on sales transactions is available to determine comparable properties and undertake comparative analyses of the prices of land parcels sold (and/or listed for sale) for the moment of appraisal. Sales Comparison approach derives a value indication by comparing the subject being appraised to similar properties that have sold recently. This is one of the best methods for estimating value when ample supply of recent sales of properties with similar characteristics is available. The sales comparison approach relies upon development of a value estimate from prices paid in the open market for properties with adequate exposure to ensure that the prices represent fair market value. The appraiser analyzes market sales quantitatively, qualitatively, or both in deriving a value indication.

Income Capitalization Approach

6. Income Capitalization Approach is a valuation method appraisers and real estate investors use to estimate the value of income producing real estate. It is based upon the premise of anticipation, i.e., the expectation of future benefits. This method of valuation relates value to two things:
   a. The "market rent" that a property can be expected to earn, and,
   b. The "reversion" (resale) when a property is sold.

7. The future cash flows dictate what the present value should be and what he/she is willing to pay for the property. Income capitalization converts anticipated cash flows into present value by "capitalizing" net operating income by a market derived "capitalization rate".

Cost Approach

8. Cost Approach is based on the principle of substitution which asserts that no prudent buyer or investor will pay more for a property than that amount for which the site could be acquired and which improvements that have equal desirability and utility can be constructed without undue delay. It is a method of appraising property based on the depreciated reproduction or replacement cost (new) of improvements, plus the market value of the site.

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3 The Cost Approach is based on the principle of substitution which asserts that no prudent buyer or investor will pay more for a property than that amount for which the site could be acquired and which improvements that have equal desirability and utility can be constructed without undue delay. It is a method of appraising property based on the depreciated reproduction or replacement cost (new) of improvements, plus the market value of the site. This approach has the most validity/reliability when improvements are new or near-new. For older/aged structures, the cost approach may not be relevant due to the greater subjectivity involved in estimating depreciation. This approach has the most validity/reliability when improvements are new or near-new. For older/aged structures, the cost approach may not be relevant due to the greater subjectivity involved in estimating accrued depreciation.

9. Sales Comparison and Income Capitalization methods are most applicable for evaluation land replacement cost at current market value for project affected land parcels.

**Project Affected Structures**

10. Construction cost of project affected structures is best to be determined by professional assets Valuer (licensed appraiser). Valuation of structures shall consider size of the structure and Construction materials used. In determining replacement cost or design of replacement structures, depreciation of the asset and the value of salvageable materials shall not be taken into account.

11. Considering that these project is focused on rehabilitation of secondary water supply projects, impact is most likely anticipated towards residential houses, supplementary structures, fences, stone walls, commercial facilities (like shops, so called "kiosks", mini markets, beauty salons, car repair ramps, car wash facilities, etc.); often may be affected supplementary structures, such as barn for cattle or poultry, not regularly but sometimes outside toilets and WCs are attached to the stone walls standing along the local roads and streets.

12. All project affected structures (residential houses, supplementary structures, commercial facilities etc.) will be site visited. In the presence of property users/owners detailed inspection will be undertaken and construction cost report prepared. Replacement cost will be identified considering market survey and data collection on market price of construction materials, labour force, transportation, permits and other costs related to construction. No deductions will be applied for depreciation, salvaged materials and transaction costs.

13. During determining cash compensation amounts for each project affected residential house or supplementary structure being under ownership/possession of individual households construction cost calculation should be added up with additional amount enough to allow AP hiring local construction group to expedite accomplishment of new structures.

14. For the partial impact (if the loss is less than 15% then compensation is paid for the repair of the affected structure), unless such partial loss renders the structure unusable and losses its function, in such case it will be compensated in full. Valuation of replacement dwellings shall include the cost of sanitation facilities. Valuation also shall include the cost of access to water supply if the displaced structure had access or if the replacement location does not provide access. Estimated costs shall be sought from APs and other local residents and from contractors and suppliers in the affected areas. These estimates do not include the cost of land. Incomplete dwelling units (not used as residential houses for the

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4 If the number of project affected structures is not large and the structures are not rather similar, then each of them can be evaluated separately. To do so an architectural drawing of the existing structure will be prepared first; then based on the drawing the construction cost report will be prepared. The report is mainly a table with following columns: description of item, number of items, price of item, and total per item. Besides the construction should consider labour force (man/days), social tax, income tax, construction company profit and VAT; plus cost of transportation disposal and construction materials, service fee for architectural drawings fees to obtain construction permits. Pursuant to the ADB SPSP 2009 no depreciation or salvaged materials cost should be deducted from the amount of cash compensation determined as replacement (construction cost) of project affected structure.
moment of surveys) or structures that have collapsed before project started shall be valued based on replacement cost of materials. Monetary compensation only, not in-kind replacement shall be offered for such units.

15. Helpful to study current market values through some preliminary research of local construction market in the project region; collection of data on sales prices if advertised on new developments or houses, commercial facilities listed for sale. Shops trading various construction materials locally will be helpful to determine reasonable amount of unit rate per 1 sq.m. of construction cost to evaluate construction cost at current market price and compensate APs for project affected structures.

**Project Affected Annual Crops**

16. Annual crops will be valued Crop compensation in cash at market rate by default at gross crop value of expected harvest of hay for 3 years.

**Project Affected Perennials**

17. **Non-fruit bearing, decorative perennials:** No cash compensation will be issued for perennials not bearing fruits. However, a cash amount will be allocated per each affected non-fruit bearing tree to allow the AP to purchase saplings and plant them on the remaining portion or on a newly allocated replacement land parcel. Construction Company ensures free logging and delivery of timber to the residence of APs.

18. **Fruit-bearing perennials:** Cash compensation at market value based on type, age, and productive value of fruit tree. In addition, compensation for each fruit bearing tree will be available for the purchase of saplings and planting on the remaining portion or on a newly allocated replacement land parcel. Additionally, the Construction Company ensures free delivery of timber to the residence of APs.

19. The unit rate for replacement value of project affected fruit-bearing perennials will be calculated based on the methodology described in the LARF. The average productivity (kg/yr./tree) of each mature fruit bearing perennial will determined during the inventory of project-affected trees in discussion with APs and representatives of local government.

20. The number of years required for saplings of 2-3 years to reach the same productivity has been determined based on the available scientific research materials. Please see table 4.

21. The market price (GEL/kg) for each type of fruit will be obtained during census, socio-economic survey, and data collection at the local agricultural market.

22. The Unit rates per each type of fruit tree affected by proposed sub-project will be calculated according to the following formula: Average yield capacity of mature tree (kg/yr./tree) X by the number of years required for 2–3 years sapling to grow to the same productive lever (no. of yrs.) X market price of a fruit tree (GEL/kg).

\[ \{(B \times D) \times C \} + A \]
A – Price of sapling of a specific fruit tree
B – Market price of a specific fruit GEL/kg
C – Number of years to be compensated
D – Annual yield capacity of a fruit tree (kg/yr./tree)

23. Average yield capacity of project affected tree (kg/yr.) multiplied by the number of years required for 2-3 years sapling to grow to the same productive level.

24. **Example:**
   
   Price of a cherry trees sapling – 10 GEL/unit  
   Average yield capacity of mature Sour cherry tree – 10 kg/yr.  
   Average market price at farm gate of Sour cherry – 3 GEL/kg  
   Average number of year 2-3 years of sapling will need to grow full capacity - 6 yrs.

   \[
   (10 \text{ kg} \times 3 \text{ GEL} \times 6 \text{ yrs}) + 10 = 190 \text{ GEL}
   \]

25. The amount of cash compensation for one mature Sour cherry tree is 190 GEL.

**Table 4. Yield capacity of fruit bearing perennials (according to age and species)**

<table>
<thead>
<tr>
<th>#</th>
<th>Perennial Species</th>
<th>Semi-Productive Age (Yrs.)</th>
<th>Average Semi-Productive Yield Capacity (kg/yr./tree)</th>
<th>Maturity Age (Yrs.)</th>
<th>Average Yield Capacity in Mature Age (kg/yr./tree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Wall nut</td>
<td>8–10</td>
<td>3–4</td>
<td>22–25</td>
<td>40–45</td>
</tr>
<tr>
<td>2</td>
<td>Apple</td>
<td>3–7</td>
<td>3–5</td>
<td>10–12</td>
<td>80</td>
</tr>
<tr>
<td>3</td>
<td>Sour cherry</td>
<td>2–3</td>
<td>2–3</td>
<td>6–7</td>
<td>15–16</td>
</tr>
<tr>
<td>4</td>
<td>Peach</td>
<td>3–4</td>
<td>3–4</td>
<td>6–7</td>
<td>40–50</td>
</tr>
<tr>
<td>5</td>
<td>Quince</td>
<td>5</td>
<td>3</td>
<td>8–10</td>
<td>30</td>
</tr>
<tr>
<td>6</td>
<td>Apricot</td>
<td>4</td>
<td>2–3</td>
<td>10–12</td>
<td>40</td>
</tr>
<tr>
<td>7</td>
<td>Mulberry</td>
<td>5–6</td>
<td>3–4</td>
<td>10–11</td>
<td>15–16</td>
</tr>
</tbody>
</table>

**Limitation of the land use/ownership, the servitude**

26. The land owners shall be compensated for the hampered agricultural activities or delay in using their lands, as well as for plantings, agricultural crops and/or real property during the construction and operation on the land under the servitude (limitation of title).